

Investment advice for basic rate taxpayers

Plagued by the British climate

UK FURNITURE INDUSTRY Why the worst may be over
THE BID FOR CBS A maverick takes his biggest gamble yet

Greece prepares for a Spanish-style invasion

In search of the traditional look

WORLD NEWS

Teachers win new offer on pay

Employers in the teachers' pay dispute in England and Wales yesterday shifted ground, offering to approach the Government jointly with the unions to ask for more money.

They had previously said their 4 per cent offer was final and that arbitration or talks on a revised contract were the only alternative.

The move is seen as a victory for the Labour-controlled Association of Metropolitan Authorities over the Tory-led Association of County Councils. Back Page

Reagan to visit Belsen

President Reagan is to visit Bergen-Belsen former Nazi concentration camp, Bonn said. He was criticised by Jews for saying dead German soldiers were as much victims of Nazism as camp inmates. Page 2

China to reduce army

China is to cut the People's Liberation Army by 1m troops, to about 3.2m, Communist Party leader Hu Yaobang said. Page 3

Polish appeal begins

A Polish court began hearing an appeal by four government security men convicted of murdering dissident priest Father Jerzy Popieluszko. Page 2

Civil Service under fire

Britain was being run by the Civil Service, which believed in conformity with the U.S., rather than elected politicians, MP Enoch Powell said. Page 2

BBC apologises

The BBC apologised to Roman Catholics for not televising the Pope's Easter message and said it would do so in future years. Page 2

Cancer inquest ruling

A Penance inquest jury ruled that a former serviceman who died of a rare form of cancer 26 years after witnessing an H-bomb test died of natural causes. Page 2

Postal dispute talks

Talks aimed at settling the dispute which has disrupted postal services in the Midlands, North-West and South-East began in London last night. Earlier story, Page 5

Defeat for Contras' aid

President Reagan accepted defeat on his latest bid to supply aid to anti-government "Contra" rebels in Nicaragua. Page 2

Pact to be renewed

Warsaw Pact leaders, meeting in Warsaw next week, will renew the alliance for 20 years, East German leader Erich Honecker said. Page 2

Karachi death toll at 40

The death toll after four days of fighting between Karachi residents and migrant labourers rose to 40. Page 2

Student success

Four sixth-formers from Ripon Grammar School, N Yorks, beat teams of managers from BP and Hewlett Packard in a competition on running the British economy. Page 2

Crash hour

Moscow's public transport system is so inadequate that at peak periods some buses carry 10 people per square yard, a Moscow newspaper reported. Page 2

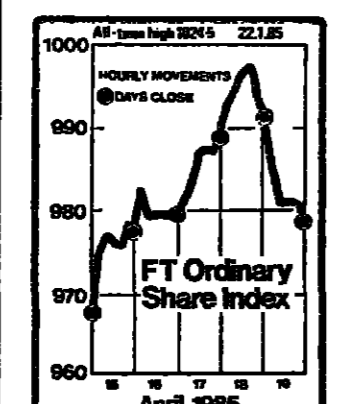
BUSINESS SUMMARY

Britoil to buy onshore stakes

BRITOIIL, the UK's biggest independent oil company, is to make its first move into onshore exploration in Britain.

It is paying £27m for the UK assets of Hudson Petroleum International, a subsidiary of Hudson Petroleum Corporation of the U.S. Back Page

EQUITIES, unsettled by the latest Retail Price Index and concern over a possible world economy slowdown, suffered



FT Ordinary Share Index

their largest fall for more than a fortnight. FT Ordinary Share Index closed 12.7 down at 978.8, up 11 points on the week. Page 26

DEFENCE Secretary Michael Heseltine

appointed Colin Chandler, marketing director of British Aerospace's aircraft division, to head the Defence Sales Organisation. Back Page

GHANA

further devalued the cedi by 5.6 per cent, bringing it from 50 to 53 to the dollar and unveiled a budget calling for a 76 per cent rise in Government spending. Page 2

THE FIRST

multi-year rescheduling of a country's debts should be complete soon when governments agree terms for Ecuador, Nigel Lawson, the Chancellor, said in Washington. Page 2

SOVIET

official economic figures for the first quarter of this year showed oil production down at 147m tonnes from 153m tonnes and lower coal, steel and timber output. Page 2

LONDON

Gold Futures Market's loan stock holders agreed that the company should go into voluntary liquidation; the market is expected to close at the end of June. Page 4

TRUSTEE

Savings Bank is considering how to salvage the company's flotation on the Stock Exchange after a Lords amendment this week excluded TSB Scotland from the proposal. Page 3

BRITISH CALEDONIAN

urged the Government to enable immediate development of Stansted airport and to remove limits to air transport movement at Heathrow. Page 4

SAMSUNG

of South Korea is to supply automotive components to Chrysler Corporation of the U.S. after the formation of a joint venture company. Page 23

COMALCO

Australian aluminium group is raising A\$124.8m (£65.2m) through a rights issue to help repay loans; Alcoa of Australia, fellow aluminium group, produced lower first quarter net earnings at A\$6.9m against A\$7.8m. Page 23

Wm. LOW

group of supermarkets and freezer centres announced a 15m rights issue and a 23.6 per cent rise in taxable profits to £2.88m for the 28 weeks to March 16. Page 22

NatWest and Lloyds cut cost of borrowing

BY PHILIP STEPHENS

THE COST of borrowing fell again yesterday as National Westminster and Lloyds banks cut their base lending rates by 1 percentage point to 12 1/2 per cent in response to sterling's strength on foreign exchange markets.

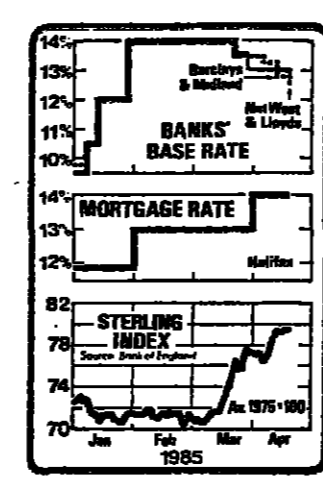
The move was endorsed by the Bank of England which lowered its dealing rates in the money markets by the same 1/4 percentage point, but the Bank gave a firm signal that it did not want borrowing costs to fall any further for the time being.

Barclays and Midland, the two other main clearing banks which lowered their base rates to 12 1/2 per cent last week, indicated they would review the situation early next week.

There was speculation they would soon consolidate their rates at 12 1/2 per cent, although there was also a suggestion they could decide to wait until the authorities sanctioned a cut to perhaps 12 1/4 per cent.

The building societies welcomed the fall in rates which, they said, should help to improve their competitiveness.

Mr Herbert Walden, chairman of the Building Societies' Association, pointed out, however, that any cut in mortgage



BANKS' BASE RATE

rates would depend on a recovery in the societies' inflows from investors.

The societies lagged behind the banks in pushing up their rates earlier in the year, and an early cut in mortgage charges may depend on base rates falling again before the next meeting of the association on May 10.

The decision by National Westminster and Lloyds and a number of smaller banks to move yesterday followed the

shump in the dollar's value on Thursday in response to figures showing a sharp slowdown in U.S. growth in the first quarter of this year.

The dollar's misfortunes and the attraction for investors of high UK interest rates have been largely responsible for a 9 per cent appreciation in the pound's overall value as measured by the Bank of England's sterling index since the time of last month's Budget.

Base rates have come down in parallel from 14 per cent.

Yesterday there were initial hopes that National Westminster might cut its base rate by a full percentage point, but the Bank of England remains strongly against too rapid a fall.

As well as its concern over the current volatility of markets, which might mean a steep fall in rates would have to be reversed if sentiment changed, the Bank remains keen to secure firmer control of the money supply.

In particular, it believes a period of high interest rates is needed to squeeze credit demand.

Continued on Back Page 26; Money Markets, Page 26; Lawson prediction, Back Page

Inflation rate increases sharply

BY PHILIP STEPHENS

BRITAIN'S annual inflation rate rose sharply last month to 6.1 per cent — the highest level since November 1982. A further increase is expected in April.

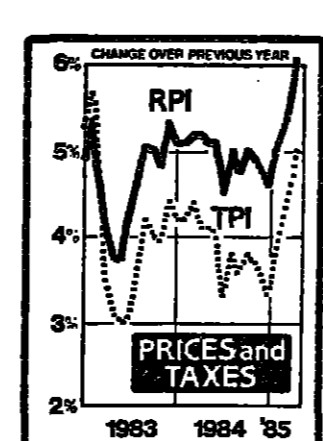
The 0.9 per cent rise in retail prices in March, which took the inflation rate up from 5.4 per cent the previous month, was termed disappointing by the Government.

Figures released by the Department of Employment show that the movement was largely because of higher prices for petrol, seasonal food, mortgage payments and clothing.

That in turn partly reflected the sharp depreciation in the pound's value early in the year, which pushed up interest rates and led to higher oil and import prices.

Mr Tom King, Employment Secretary, said the rise, which had been forecast in the Budget, had come sooner than expected. He remained confident, however, that inflation would fall back to an annual 5 per cent at the end of the year.

Mr King conceded that an additional rise in the mortgage rate and increases in prices resulting from the Budget were likely to mean that the inflation



RPI and TPI

rate would rise again this month.

City economists were forecasting that it may peak at closer to 6.5 per cent than the 6 per cent forecast by the Government, before the pound's recovery pushes it down again.

Yesterday's figures drew strong criticism from opposition parties, particularly in the light of the Prime Minister's recent statement that 3 per cent inflation was a "realistic target" over the next two or three years.

Mr Roy Hattersley, Labour

shadow chancellor, said the Government's economic policies were now in total disarray.

The inflationary impact of sterling's decline — which has been reflected in a steep rise in import prices — undermined the Government's concern to defend the pound by raising interest rates early in the year.

Paradoxically, the immediate impact was to push up the retail price index because of increased mortgage payments.

The Government's main concern now is to ensure that the rise in inflation is seen as a temporary blip and that it does not feed through into higher wage demands.

Britain's unit wage costs have recently been increasing much faster than those of its competitors, and a rise in the level of pay awards would further boost inflationary pressures.

The retail price index stood at 366.1 in March (Jan. 1974=100) compared with 362.7 in February. The tax and price index, which measures the effect of both inflation and taxes on incomes, was at 188.4 in March (Jan. 1978=100) — 5 per cent higher than a year earlier.

Investment pattern change. Page 3

Courtaulds to close two plants

BY ROBIN REEVES, WELSH CORRESPONDENT

COURTAULDS textiles group yesterday announced the closure of two plants in Clwyd, North Wales, with the loss of 1,100 jobs.

The company has decided to shut its Greenfield viscose staple fibre and tow plant at Holt, which employs 505 workers, and its Wrexham acetate yarn facility, which employs 508. It blames long-term declining demand for the output of both plants against a background of worldwide overcapacity.

The workers have been given 90 days' notice. Viscose staple production will be concentrated at the company's Grimshy plant and Wrexham's acetate yarn business is to be shared between Courtaulds' plants at Spondon, near Derby, and Little Heath, Coventry.

The closures are another severe blow for Clwyd, which is still trying to recover from Britain's single biggest industrial redundancy — the loss of 8,000 jobs resulting from the end of iron and steel making at British Steel Corporation's

Shotton works — and has an unemployment rate of 18.3 per cent.

Less than a decade ago, Courtaulds employed more than 4,000 in Clwyd. Now it will have just a yarn processing mill at Flint employing 150 people, and a couple of residual operations.

Courtaulds whose total workforce in the UK and overseas fell by 3,000 to 70,000 in the year to March 31, said it would be talking with unions, local authorities and government departments to see what could be done to alleviate the effects of the latest closures. It plans to establish a jobs search and counselling service.

Mr Nicholas Edwards, Welsh Secretary, said he deeply regretted the jobs lost in an area which had been making good progress on rebuilding its economy. But the company had to exercise its commercial judgement.

About £9m, including Government grants, has been invested at Greenfield in the past five years in an attempt to make

the plant internationally competitive.

Mr Tony Sharp, chairman of the economic committee of Delyn Council, the local authority, said he would demand an inquiry into how the money had been spent.

Mr Mervyn Phillips, chief executive of Clwyd County Council, said the council was seeking an urgent meeting with Mr Christopher Hogg, Courtaulds' chairman, to try to delay the closures until new job opportunities had been secured.

Courtaulds said in spite of strenuous efforts to make the plant competitive, including staff reductions within the past year, its losses had risen sharply and were now some £500,000 a month.

Courtaulds' acetate division had also lost money on textile yarns in four of the past five years and losses for 1984-85 were expected to total £2.1m, the company said. It had no option but to try to bring capacity more into line with demand.

Job loss fall forecast, Page 3

Botha gives hint of curbs on UDF

BY TONY ROBINSON IN JOHANNESBURG

MR P. W. BOTHA, South Africa's President, yesterday launched his fiercest attack yet on the United Democratic Front, the multi-racial anti-apartheid group, and said the country was threatened by "a drastic escalation of the revolutionary climate."

In a statement to parliament, Mr Botha accused the UDF of becoming "an internal extension of the banned African National Congress and the South African Communist Party."

He added: "The process of politicisation and mobilisation, in which the UDF has an especially important role and which takes place in a still deteriorating economic situation, has attained such proportions that the potential for extensive countrywide violent disturbances has increased markedly."

"They hope in this way to create a spiral of increasing violence which will culminate in revolution."

By linking the UDF to banned organisations in this way, Mr Botha appeared to be hinting at moves to further curtail UDF activities or to ban the organisation outright. Over 40 UDF leaders are awaiting trial on treason charges.

Mr Botha accompanied his attacks on the UDF with concessions granting full freehold rights to urban blacks, who hold 89-year leasehold rights, and with a proposal to establish "black authorities above local level with much more power."

He also referred obliquely to blacks who had been deprived of their South African citizenship by being made citizens of homelands and hinted at further changes. "The loss of South African citizenship is not the necessary consequence of the independence of homelands," he said.

Mr Botha issued an invitation to the leaders of other political parties to join the special Cabinet committee on black constitutional affairs, to form the nucleus of a negotiating forum with black leaders.

The leader of the white opposition Progressive Federal Party yesterday accepted the President's offer but several Asian and black anti-apartheid groups dismissed it as "meaningless."

Mr Botha's attack on the UDF took place against the background of further serious deterioration in the security situation after the burning alive of a white motorist. The man was dragged from his car by a crowd of black youths in the white part of Uitenhage in the Eastern Cape on Thursday night.

Serious outbreaks of arson and stone-throwing were reported from the black townships of Soweto and Alexandra, close to Johannesburg.

Foreign Ministers of the Non-aligned Movement, meeting in New Delhi, yesterday urged world leaders and the United Nations to reject South Africa's attempts to set up a "puppet regime" in Namibia.

Blue-collar workers and white-collar staff will have the same conditions, including a 38-hour basic week. That is normal for manual workers, but above the 37 1/2-hour average for staff. The £50m plant will provide 400 to 500 jobs next year assembling kits imported from Japan. This could rise to 2,700 by 1991 if the company decides to invest £300m.

Nissan is recruiting 40 blue-collar "leaders" or chargehands. It is offering a salary of £7,500 a year, and has had 900 applications.

They will be sent to Japan for training, as well 22 supervisors already recruited on £12,500 a year. Production line workers will be recruited in October or November.

Booker beats off £357m takeover bid from Dee

BY ALEXANDER NICOLL

BOOKER McConnell, the food distribution and agricultural and health products group, emerged triumphant yesterday from a 10-month battle to retain its independence. A £357m takeover bid from Dee Corporation, the Gateway supermarkets group, failed to win control of Booker.

By the close of its all-paper offer, Dee had won acceptances from holders of 16.7 per cent of Booker's equity, giving it

command of a total of 32.5 per cent including shares already owned.

The offer lapsed, and Dee would say nothing last night about plans for its 15.8 per cent stake in Booker. At the Gateway supermarkets group, failed to win control of Booker.

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MARKETS

DOLLAR

New York lunchtime: DM 2.978
FFr 6.1025
Sfr 2.4765
Y247.375

LONDON

DM 2.973 (2.9845)
FFr 6.08 (6.12)
Sfr 2.4705 (2.4889)
Y247.1 (247.9)
Dollar Index 142.7 (143.0)
Tokyo close 2548.55

U.S. LUNCHE TIME RATES

Fed Funds 7 1/2%
3-month Treasury Bills:
Long Bond: 100 1/2%
yield: 11.49

GOLD

New York: Comex April latest \$327.6
London: \$327.55 (\$327.25)

STERLING

New York lunchtime \$1.283
DM 3.545 (3.585)
FFr 11.7575 (11.775)
Sfr 3.125 (3.23)
Y219.75 (220.5)

LONDON MONEY

3-month interbank: closing rate 12 1/2% (12 1/2%)
3-month eligible bills: buying rate 11 1/2% (11 1/2%)

STOCK INDICES

FT Ord 978.8 (-12.7)
FT-A All Share 625.47 (-0.5%)
FT-SE 100 1299.7 (-3.8)
FT-A long gilt yield index: High coupon 10.48 (10.46)
New York lunchtime: DJ Ind Av 1,264.24 (-0.89)
Nikkei Dow 12,114.8 (+61.98)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 19; Belgium Fr 38; Denmark Kr 7.25; France FF 6.02; W. Germany DM 2.25; Italy L. 220; Netherlands H. 2.50; Norway Kr 6.00; Portugal Esc 50; Spain Ptas 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland Spm; Malta 20c.

For London market and latest share index, 01-246 8026; overseas markets, 01-246 8036.

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SAVE & PROSPER

Banks back Ecuador multi-year rescheduling

By Stewart Fleming in Washington

THE FIRST multi-year rescheduling of a developing country's official debts should be completed in the next few days when governments agree to new loan terms for Ecuador, Mr Nigel Lawson, the British Chancellor of the Exchequer, said here yesterday.

The move marks an important step in the evolution of the developing country debt problem and one which will be welcomed by commercial banks and the developing countries.

With the encouragement of creditor governments, commercial banks have endorsed the rescheduling over several years of maturing debt, notably in the case of Mexico. Such a step helps to ease the financial and political tensions surrounding a country's debt problem.

But governments have been criticised for not following suit and rescheduling their debts when a borrower is perceived to be making good progress in improving its economic performance under the terms of an International Monetary Fund adjustment programme.

Governments have, however, been looking for a highly indebted developing country which they could justifiably "reward" for an improved economic performance. At one time Yugoslavia was thought to be a potential candidate, but it is having continued difficulties with the International Monetary Fund.

Commercial banks are now negotiating a \$4.3bn (£3.38bn) multi-year rescheduling with Ecuador which has yet to be signed and some government officials have expressed concern that banks appear to be moving slowly to reschedule the debts of smaller borrowers which are not seen as a major credit risk threat.

The official move on Ecuador will be interpreted therefore as in part designed to pressure the banks to come to terms with the Latin American country. Mr Lawson also indicated that there is greater willingness by industrial country governments to extend export credits to borrowing countries which are making solid efforts to improve their economic performance.

Irish rates reduced

Irish interest rates were reduced by 1.25 per cent from the close of business yesterday. Brendan Keenan reports from Dublin. The new ordinary overdraft rate will be 16 per cent, while the "AAA" rate for most-favoured customers is now 13.5 per cent.

Fury grows over Reagan's German war graves visit

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has inadvertently unleashed a new wave of Jewish fury over his plans to visit a German war cemetery next month, by claiming that German soldiers buried there were "victims" of the Nazis "just as surely as the victims in the concentration camps."

Far from calming the row, his defence of the proposed wreath-laying ceremony at the Bitburg graveyard on May 5 has only ignited further outrage in the politically-powerful American Jewish community.

"Each time he opens his mouth, he makes it worse," said one Jewish leader yesterday. The U.S. Holocaust Memorial Council, which honoured Holocaust victims at a solemn ceremony in the Capitol on Thursday, accused him of failing to see the difference "between war and genocide."

The outcry has reached the point at which some of Mr Reagan's advisers fear that long-term damage may be done to the Republican cause among Jewish voters.

Two resolutions have now been introduced in the House of Representatives urging him to drop the ceremony, following a similar request by 53 of the 100 Senators.

The affair is now regarded in Washington as an unprecedented mix-up by the usually smooth-running Reagan White House publicity machine. It is a serious black mark for Mr Reagan, the new White House Chief of Staff, as well as for the outgoing Mr Michael Deaver, the senior aide in charge of preparations for Mr Reagan's May 1-10 European trip.

Mr Reagan, however, feels bound by his pledge to West Germany's Chancellor Helmut Kohl to honour the German war dead, in a public show of reconciliation on the 40th anniversary of the war's end in Europe, and is still insisting that the cemetery visit will go ahead.

The President's proposal, already a watered-down version of earlier plans, had been that the \$14m should be earmarked initially for humanitarian aid such as food, medicine and clothing; if peace negotiations with the Sandinista Government had not made progress 60 days after a ceasefire, the money was to be freed for spending on arms.

Under a compromise plan negotiated with Congressional leaders on Thursday night, Mr Reagan has agreed that the aid will be exclusively for humanitarian purposes, without the military option, at least during this budget year, which ends on September 30.

The White House yesterday left it open whether Mr Reagan would pursue his request for military aid for the Contras, reported to amount to \$29m in the budget for the 1985 fiscal year. Congress, however, must still vote on conditions for the release of the \$14m, including who is to receive it and through what channels.

The Democrats propose that the \$29m be set aside for the eventual monitoring of a peace agreement by the four Contadora nations—Mexico, Venezuela, Colombia and Panama.

To cancel the plan would be "very hurtful" and "leave me looking as if I caved in in the face of some unfavourable attention," he said.

The White House yesterday bitterly complained that Mr Reagan's "victims" remark had been taken out of context. The President said that the cemetery was filled with the graves of young teenagers, forced into military service in the closing days of the Third Reich.

After the Bitburg ceremony was arranged, "someone dug up the fact that there are about 30 graves of SS troops" there, he said. "These were the villains, as we know, that conducted the persecutions and all."

"But there are 2,000 graves there, and for most of those buried there, the average age is about 18. I think there's nothing wrong with visiting that cemetery where those young men are victims of Nazism also."

Anger over French film star's 'war spectacular'

By David Marsh in Paris

A lavishly-produced French TV programme, featuring the popular film star M Yves Montand, and designed to show the dangers to Europe of a massive conventional or chemical arms attack from the Soviet Union, yesterday drew strong protests from Moscow's embassy in Paris and from the French Communist Party.

But the 105-minute "war spectacular", in which M Montand came out firmly in favour of the U.S. Star Wars missile defence programme, was given the thumbs down by TV viewers.

According to a television audience poll yesterday, only 3m viewers tuned into the programme. This was half the number who watched his previous TV show on the world economic crisis a year ago, with most French people on Thursday evening preferring the lighter TV fare of a U.S. film with Claudia Cardinale.

M Montand is a craggy-faced father figure who, according to opinion polls, many voters believe should run for the presidency.

He made the film to try to upset the French people's complacency over the ability of the country's nuclear strike force to deter a Russian attack.

The main message centred on the need to build up France's conventional



Montand: film controversy

defences—a move which the Government is already trying to carry out, especially by forming a rapid deployment force which could be used to fight alongside Nato armies in Germany.

The film also urged, more controversially, that France acquire chemical weaponry to dissuade the Russians from using their stocks of nerve gas.

The film showed Soviet tanks advancing across West Germany, with European and U.S. leaders prevented from responding with nuclear weapons for fear of sparking off massive Russian atomic retaliation against Western cities.

The film was overblown and simplistic in parts. But the screening of a mock message from President Francois Mitterrand announcing the Soviet attack was realistic enough to send one Paris stockbroker family switching on after the programme had started, to check with alarm whether the news was true.

M Montand, 63, a Marxist in his younger days, is still a Socialist voter but has moved considerably to the Right in recent years. He admitted on TV that he—like many on the Left—including President Mitterrand—had previously opposed France's independent nuclear deterrent but had since changed his mind.

French anti-nuclear groups are almost vanishing element in a country where there is a solid pro-nuclear consensus—have protested against the film's pro-military bias. Coincidentally, they are due tomorrow to hold a demonstration in Paris to protest against lack of Parliamentary control over decision-making on the nuclear strike force.

The Soviet embassy issued a statement protesting about lack of Government action to censor the programme, which it called a "sordid calumny."

Another spirited attack came from the French Communist daily L'Humanité, which termed the programme a "hellfire" and "imperialist" propaganda operation mounted by the Elysée Palace.

The reaction should not displease M Mitterrand. He has not doubt won popular support from a Gaullist effort over the past two years to underline his commitment to France's nuclear deterrent, which M Charles Hernu, Defence Minister, has taken pains to explain could be used to deter conventional as well as any nuclear attack.

China plans to cut 1m troops from army by end of next year

BY MARK BAKER IN PEKING

THE CHINESE Communist Party leader, Hu Yaobang, has announced plans to cut 1m troops from the ranks of the People's Liberation Army by the end of next year.

The PLA, which combines all of China's strategic military forces, is estimated to have a total complement of about 4.2m at present.

Hu's announcement, made during his tour of New Zealand, has astonished diplomatic observers. While the Chinese leader, Deng Xiaoping, announced moves to reduce the bloated and inefficient ranks of the PLA last November, it had not been expected that the cuts would be so substantial and so sudden.

There was speculation among some Western diplomats that Hu, a man with a reputation for dramatic pronouncements, may have announced too substantial a figure.

But Hu's announcement has been promptly reported by the official Chinese news agency,

Xinhua, which usually means that a policy statement has the imprimatur of the hierarchy. Hu said in Wellington that China would remove 1m troops from the PLA "this year and the next," and would also continue to make reductions in its conventional arms.

"China will have full capability to defend itself in spite of the intended cut in troop numbers," Xinhua reported him as saying. "The cut has been planned in view of the improved political and economic situation in China."

He denied that China had any intention of developing a military role in the South Pacific.

"World peace and stability are fundamentally to China's foreign policy. China wishes to develop friendly relations and co-operation with all countries in the world."

Last November, Deng ordered that surplus military personnel equipment and defence installations be reallocated to help China's economic development programme.

"All branches of the PLA, such as the Air Force, the Navy and the Commission of Science, Technology and National Defence, should consider releasing some of their strength to support the development of the national economy," he told a meeting of the Central Military Commission, the supreme command of the Chinese armed forces, which he heads.

Deng urged the promotion of young and middle-aged officers into some of the top PLA posts, many of which are still held by aged and infirm Long March veterans. But he did not specify how many personnel would be retired or transferred.

Many of China's defence industries have already been swung behind the economic modernisation drive. More than a quarter of the production of military factories last year was in goods for the civilian market.

In recent years, defence factories have built 2.3m bicycles, 1.4m sewing machines, 1.7m washing machines, and 2m electric fans.

Fresh bid to end deadlock over EEC farm prices

BY IVO DAWNAY IN BRUSSELS

A RADICAL plan aimed at unblocking the deadlock over EEC farm prices for the current 1985-86 marketing year is due to be unveiled this weekend to agricultural experts of the Ten.

The proposal, prepared by the Italian presidency working closely with European Commission experts, in effect temporarily removes the key issue of the final level of cereals prices from the negotiation.

Prices for all farm produce should have been set by April 1, but a total refusal by West Germany to sanction the Commission's original proposal of a 3.6 per cent cut in cereals prices has left the talks more blocked than seasoned observers can remember.

All other delegations accept the cut as inevitable after last year's bumper harvest and forecasts of a record 16m tonnes of wheat in Community stores by the end of July.

Some, most notably the UK, favour a more swinging price reduction of 5 per cent in accordance with rules triggered by the large surpluses.

But Herr Ignaz Kiechle, the West German Farm Minister, has warned he will oppose any deal that means a real reduction in grain prices for his farmers.

Failure to agree a price package has provoked growing anger among EEC farmers who are anxious for a rapid conclusion to the talks in order to plan their strategies for the year.

The compromise plan for cereals involves a radical reworking of the system of guarantee thresholds or tonnage

ceilings which, if exceeded, should trigger a 1 percentage point cut in guaranteed prices to reach 1m tonnes of surplus production up to a maximum price cut of 5 per cent.

Last year's harvest of more than 140m tonnes was exceeded the 121.5m-tonne threshold, but even then the Commission proposed only a 3.6 per cent price cut in anticipation of German opposition.

The presidency's proposal cleverly fudges the issue by recommending a temporary price reduction from the beginning of the harvest in August by an amount to be negotiated.

Then, three months later when the harvest is gathered in, experts would examine the level of production before assessing how much, if any, of the price cut could be restored.

If output were substantially lower, the Commission could then return all the money withheld on the grounds that the costs of grains to the Community budget would be less than the Ecu2.7bn (£1.8bn) expected this year.

But if, as is much more likely, production is excessive, all or a part of the price reduction will be forfeited. It is not yet clear, however, whether ministers will vote on this, or if the money will be automatically withheld.

Either way, in the short term, the plan has the considerable attraction of allowing Herr Kiechle to tell his farmers that he has not accepted a price reduction for grains. Meanwhile, deals on other sectors in the rest of the package could be completed.

Warsaw Pact summit 'will renew treaty for 20 years'

BY LESLIE COLITT IN EAST BERLIN

LEADERS of the Warsaw Pact will hold a summit meeting in Warsaw on April 26, to renew for 20 years the treaty of the Soviet-led alliance, according to Herr Erich Honecker, the East German leader.

The Warsaw Pact party chiefs, led by Mr Mikhail Gorbachev of the Soviet Union, are likely to issue a declaration aimed at Nato and the Western economic summit conference to be held in Bonn from May 2 to 4.

Of course, we are ready to dissolve the Warsaw Pact if Nato did the same, Herr Honecker said, repeating longstanding Soviet policy.

Herr Honecker hinted the Pact would be automatically extended in the year 2005 for another 10 years, if no objections were raised by any of its members.

The present treaty lapses on June 3, the date when the eighth member, Albania, ratified it. Albania left the Warsaw Pact in 1968 after the Soviet-led invasion of Czechoslovakia.

The East German leader made his remarks in an interview with the Italian press prior to his official visit to Italy next Tuesday, his first-ever to a Nato country. He will also have a meeting with Pope John-Paul.

Herr Honecker refused to say whether he would visit West Germany this year, after a planned visit last September was called off because of Soviet objections.

But he did note that his "former countrymen in the Saar will be very happy when I go there." Herr Honecker was born in the Saar border area, which reverted to West Germany in 1957, after post-war French rule.

Sudan rebels deny plans for talks in Khartoum

BY MICHAEL HOLMAN IN KHARTOUM

PLANS for direct talks between Sudan's rebel movement in the South and the country's military leaders collapsed in confusion yesterday when rebel spokesmen described reports of the proposed meeting as "utterly baseless."

In a statement broadcast by the Sudan People's Liberation Army over their Ethiopian-based radio service, the movement said that "the SPLA and its leadership will never meet or talk with the present military leadership in Khartoum."

The new administration, the statement continued, "is another form of the regime of ousted President Nimeiri, who arranged the transfer of power to General Saeed al-Mahdi while he was a safe distance abroad."

The denial followed a formal announcement on Thursday by a spokesman for the new administration, saying that direct talks between the rebel leader, Colonel John Garang, and Gen Abdul-Rahman Saeed al-Mahdi would take place

within 48 hours.

The spokesman yesterday refused any comment or explanation of the apparent reversal.

In its broadcast statement, the SPLA said that the "armed struggle" in the South would continue "until the monopoly of power is taken away from the greedy minority who have ruled our country since formal independence was achieved in 1956."

"Only when all the Sudanese from all regions of Sudan are in control of the birth of their country" will fighting end.

In the initial reaction to this month's coup, the SPLA declared a ceasefire and gave the military regime one week to hand over to a civilian administration. When the week expired last Tuesday, the SPLA announced the resumption of conflict.

Fighting in the south has forced suspension of all exploration activity in the region and effectively cut off rail, river and road links.

Portuguese meat prices set to fall

THE Portuguese Government has promised consumers that meat and fish prices will drop next month, as the result of plans to liberalise the import and export of food products by reducing state intervention in line with European Community requirements, our Lisbon Correspondent reports.

Sr Mario Soares, the Socialist Prime Minister, has timed the price cuts for a few weeks before he is expected to announce his candidacy in December's presidential elections in the clear hope of reaping political dividends by showing Portugal's entry to the EEC in a positive light.

The Cabinet forecast that meat and fish prices, which have soared over recent months, will drop gradually from May when the Government ends its monopoly over food imports.

Singapore retrial

The Singapore High Court has ordered two leaders of a major opposition party to stand trial again on charges of making false declarations about party funds. Reuter reports from Singapore.

Chief Justice Wee Chong Jin ruled that the district court had erred in dismissing the case of Joshua Jeyaretnam, Secretary-General of the Workers' Party, and the party chairman, Wong Hong Toy, in December 1983.

ADB growth warning

The Manila-based Asian Development Bank (ADB) reported yesterday that economic growth in developing member-countries fell 0.8 per cent to 5.5 per cent in 1984, and warned that resource constraints could stunt further growth this year, Samuel Senorens reports from Manila.

In its annual report, the ADB said, however, that generally the gross domestic performance of the member countries was still substantially higher than that of other developing nations. "Some had even posted 'significant increases'."

Dutch strikes end

The spate of 24-hour strikes in the Dutch metal industry over the past fortnight ended yesterday when the FNV industrial union reached agreement with employers over shorter working hours, sickness benefits, inflation allowances and youth employment schemes, our Amsterdam Correspondent reports.

The principal demand of the 290,000-strong metal workers' union, which had planned a week strike by 4,500 workers at the Dutch plant of Volvo, for shortening the present 38-hour week to 36 hours next year, which they hope will create more jobs.

Swiss trade boost

Switzerland's foreign trade balance showed a marked improvement in the first quarter, the deficit dropping to under SwFr 2.4bn (£45m) compared with nearly SwFr 2.9bn in the corresponding period of last year, John Wicks reports from Zurich.

Queensland blockade

Australian trade unionists yesterday imposed a 24-hour road, air, sea and rail blockade of the north-eastern state of Queensland to protest against anti-strike measures and the sacking of about 950 power workers, union officials said. Reuter reports from Brisbane.

Carrillo sacking

Sr Santiago Carrillo, veteran former leader of the Spanish Communist Party, was stripped yesterday of all executive responsibilities in a move that splits the Communist factions in Spain into two hostile camps, Tom Burns reports from Madrid.

Sr Carrillo was removed from both the central and the executive committees of the party after he failed to accept the current party leadership within a two-week deadline.

SUNDAY AT 5.30: THE LATEST PROBLEM FACING THE BRITISH ECONOMY.

Just recently Wall Street has seen the dollar plummet to its lowest level since November.

On Sunday, we'll be examining the wide-ranging implications for business in Britain.

And looking to the longer term, we'll also be reporting on the latest breakthrough

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THE BUSINESS PROGRAMME ON

4

Sperry holds up the card to football hooligans

By Jason Crisp

FOOTBALL ENTHUSIASTS at the British subsidiary of Sperry, the U.S. data-processing group, have proposed a plan both to beat hooliganism on the terraces and to sell computer equipment. Sperry, with Systemsolve, a British software services group, is offering to football clubs a free, computerised membership-card system. A card with the owner's photograph and a magnetic strip would be read by a machine at the turnstile. This could identify anyone blacklisted for hooliganism. Fans would have to pay £5 a year to register and to obtain an identity card. The price could be cut if many clubs took part in the scheme. The two computer companies plan to spend £250,000 to encourage clubs to join. Sperry said the scheme would be commercially viable if six total membership of about 250,000. The computer companies would like the Government to press football authorities to install such a system throughout the league. The Sperry scheme is being backed by Mr Emyr Hughes, the former England captain. Yesterday he said: "If something is going to die at a football match — a player or a fan." Sperry is talking to several clubs about the scheme, including Millwall which was recently fined £7,500 for its fans' violence at the Luton match. Luton is threatening to ban supporters of other teams from its ground. The Sperry plan would require clubs to issue membership cards and check supporters' identities. The cards are like credit cards but with a picture. The machines which read the cards at the turnstiles store the registration numbers of blacklisted fans likely to attend. It takes about a second for the machine to check the number. A complete black-list would be stored on a Sperry mainframe computer run by Systemsolve. Data on the two teams' supporters would be sent to the terminals at the ground by telephone before a match.

Software turnover rise put at £370m

By Iver Owen

BRITAIN'S FAST-GROWING computer software industry is estimated to have increased its turnover from £1.750m in 1983, to £2.120m last year, Mr John Butcher, Under Secretary for Industry, told the Commons yesterday. He welcomed the rapid progress made by the Copyright (Computer Software) Amendment Bill, which is designed to reinforce civil remedies against copyright theft and provides for offenders convicted on indictment up to two years in jail and unlimited fines. "All a private member's bill introduced by Mr Liam Powell (Con. Corby), who estimates that the activities of copyright pirates cost the industry £150m last year in lost sales and royalties, was given an unopposed third reading.

TSB tries to salvage flotation

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

EXECUTIVES of the Trustee Savings Bank are searching for ways to salvage the flotation of the group on the Stock Exchange after an amendment passed in the Lords this week excluded the powerful TSB Scotland from the proposal. Sir John Read, chairman of the group which includes the four regional TSBs in Britain, yesterday held talks in Edinburgh with Lord Taylor of Gryffe, the SUD peer, whose tabled amendment passed with a majority of 13 on Tuesday and took the TSB by surprise. At a Press conference after the talks, Sir John rejected the option of an independent Scottish TSB and other proposals to enhance Scottish control. He said he wanted to find an agreement which would save the Bill. "The joint purpose of the TSB group and TSB Scotland is now to develop proposals which will enable the TSB Bill to be progressed in a form which is acceptable, not only to both Houses of Parliament but also to the interests of both the TSB group and TSB Scotland, together with its staff and customers," Sir John said. "The amendment completely

ruins everything. It would be a disaster for TSB Scotland and every other company in the group," he commented.

A third reading of the Bill in the Lords has been postponed and the Government has asked the TSB to sort out the problem. Sir John said he had about a week to come up with some proposals.

The flotation of the TSBs of Scotland, England and Wales, Northern Ireland and the Channel Islands would be one of the largest for the Stock Exchange, raising possibly £1bn.

It is designed to settle the cloudy question of who owns the TSB and would coincide with a formal change of status into a fully fledged bank supervised by the Bank of England.

The TSBs have a special category as savings institutions and report to the Treasury. Apart from condemnations of the proposal by the Scottish National Party, the question of the autonomy of the TSB Scotland has not been a prominent issue north of the border. Commendations of the proposal accompanied the possible sale of the Royal Bank of Scotland

to outside interests three years ago. The proposal has excited much less interest.

The TSB Scotland, which brings together four Scottish savings banks, has had a head-start over the TSB in England and Wales in developing its new image as a high street retail bank. About one in four Scots has an account with the bank which has assets of £1.3bn.

Some managers in Scotland are privately pleased that the issue of Scottish autonomy has come out, but few see any other way than for the original proposal which would have made all the four regional banks equal partners in a holding company.

Mr Iain MacDonald, Chief General Manager of the TSB Scotland said yesterday: "As far as I am concerned, I want TSB Scotland to be in it. That is important to us. Now, if we can satisfy the concern of the people who are making these noises within the group structure, I think we would all be happy about it."

He said the customers were not so concerned about the issue of independence for the

TSB Scotland. "By and large if you go and ask the customers that question, I don't know if they would be too interested," he said.

Mr MacDonald has always argued that he would have a high degree of autonomy in the group.

Sir John yesterday read out a statement from the TSB central board and board of management of TSB Scotland opposing Lord Taylor's amendment. The statement also had the support of the bank's staff.

"TSB Scotland is already so integrated within the group that it would be extremely difficult and disruptive to separate its operation. In any event, separation would be detrimental to the business prospects of TSB Scotland."

The statement said that the Scottish TSB benefited from common services in the group, that it would be costly to develop independently some shared services, and that Scotland would benefit from a UK-wide network.

Sir John said one proposal that 49 per cent of the shares of TSB Scotland be sold locally could not ensure that the share would remain in Scotland.

Ministers forecast fall in jobless

By Margaret van Hatten

TWO Cabinet Ministers yesterday forecast that unemployment will start falling before the next General Election—a prediction first made by Mr John Biffen, Leader of the Commons, in parliament on Thursday.

Speaking on BBC Radio Four, Mr Patrick Jenkin, Environment Secretary, said it was only a matter of time, before new jobs were increasing faster than the numbers of people entering the labour market.

"I would be very disappointed if that trend were not clear before we next go to the country," he added. Britain, which had already seen the number of employed rise by 613,000 in the last 18 months was one of the few countries in Europe where job numbers were increasing.

Speaking on the same programme, Mr Tom King, Employment Secretary, adopted a more cautious tone. However, he was confident that the "adverse factors" contributing to rising unemployment would decline later this year, leading to a steady rise in jobs and a later gradual easing in the unemployment figures.

The sudden show of budding optimism within the Cabinet on the subject of unemployment is seen by government critics at Westminster as a sign of the Government's discomfort over the all-party alliance of politicians, civil servants, trade unionists and churchmen whose formation, reported earlier this week, is designed to pinpoint the Government's failure to deal adequately with the unemployment problem.

Speaking at the YMCA Great Britain and Ireland conference in Durham yesterday, Dr David Owen, leader of the SDP, said Britain was threatened by an all-pervading sense of complacency over its relative economic decline and high unemployment.

Sharp change seen in investment pattern

BY MICHAEL PROWSE

THE PATTERN of institutional investment changed sharply last year according to figures released yesterday by the Central Statistical Office.

Financial institutions reduced their investment in government securities and overseas ordinary shares but put more money into UK ordinary shares, domestic home loans and bank deposits.

In 1984, non-bank institutions bought overseas shares worth only £100m compared with purchases of £2.5bn in 1983 and £3.2bn in 1982.

The figure mainly reflects disinvestment in the second quarter when institutions reduced their holdings by £633m. Overall purchases in the third and fourth quarters were £237m and £22m respectively compared with £376m and £51m in 1983.

The outlook for overseas investment is obscure because, in the fourth quarter, pension funds continued to buy at about

the same rate as in 1983 while other financial institutions continued to reduce their holdings.

In 1984, overall gilt purchases fell by £1.2bn to £5.2bn but the decline reflected lower investment by pension funds and building societies. Long term insurance funds bought nearly 25 per cent more gilts.

All institutions, however, waded into the equity market. Total purchases of UK ordinary shares of £3.7bn were 79 per cent higher than in 1983.

Institutional investment in the fourth quarter did not match the full year pattern. Lending for house buying fell while gilt investment rose mainly because of increased purchases by insurance funds and building societies.

In 1984, the net inflow of funds to non-bank institutions was £35.5bn, up £5.9bn from 1983. The fourth quarter inflow of £9.8bn, however, was only slightly higher than in 1983.

Corporate saving helps boost industry surplus

BY MICHAEL PROWSE

THE FINANCIAL surplus of British industry rose by more than 50 per cent last year as corporate saving continued to outpace corporate fixed investment.

Figures published by the Central Statistical Office (CSO) yesterday show that the financial surplus of industrial and commercial companies was £91bn in 1984 up from £61bn in 1983.

The big rise in industry's financial surplus, in spite of a rapid increase in investment, is further evidence of the corporate sector's improving health.

Yesterday's figures show that corporate saving (profits after deductions for tax, dividends and interest) increased by 25 per cent in 1984 compared with a 15 per cent rise in capital expenditure.

Although total investment rose strongly in 1984, spending on stocks and work in progress fell for the fifth year in succession.

In spite of a financial surplus of more than £2bn in the fourth quarter of 1984, the CSO said that corporate borrowing from banks and other sources rose by almost £3bn in the same period and accompanies a £1bn build up in companies' liquid assets.

During 1984 as a whole, in cash terms companies invested a record £44bn abroad and bought a record £21bn in UK company securities.

Lloyd's auditors 'failed to speak out'

BY JOHN MOORE, CITY CORRESPONDENT

ACCOUNTANTS specialising in the audit of businesses in the Lloyd's insurance market failed to point out that £100m was plundered from the Lloyd's community, Mr Ian Hay Davison, the market's chief executive said yesterday.

In a scathing attack on accounting practices at Lloyd's, Mr Davison said that the accountants "were not charged with performing an audit to normal accounting standards."

"The accountants, he said, 'clearly had some knowledge of the matters that were going on although they may not have

fully appreciated their implications.' They did not see it as their duty to draw the Lloyd's members' attention to 'what was about to happen'."

Had they been larger firms, "or wiser in the affairs of the world, or perhaps more willing to ask fundamental questions then they might have exposed it more quickly. But the fact is, in most cases, they did not."

Mr Davison was speaking at the National Association of Accountants annual conference in London. He said that a few underwriting agents in the Lloyd's market "taking advantage of the lack of adequate

accounting by agents to the members of Lloyd's, had defrauded their syndicate members."

They had allowed conflicts of interest to develop and failed to put the interest of their principals, the members, first. "As a result they had extracted secret profits from funds belonging to their members."

Mr Davison said that for a number of reasons there had been a continuing risk, not always avoided, that the Lloyd's "panel" auditors lacked independence from their

clients. "Some kept the books; some were too dependent upon Lloyd's for their fee income; together they formed a small group specialising in an arcane area of accounting work; and the different interests of names (the members of Lloyd's) and their agents were not necessarily adequately reflected in the audit arrangements," he said.

The number of firms on the Lloyd's panel of auditors remained very small. Three firms account for the audit of 62 per cent of the syndicates at Lloyd's, while five firms audit a total of 78 per cent.

Committee may re-form to study Minet problems

BY JOHN MOORE, CITY CORRESPONDENT

A STEERING committee of underwriting members on troubled Lloyd's insurance syndicates under the management of interests of Minet Holdings, the large insurance broker, is expected to be formed next week.

The move has been prompted by the possibility that an insurance syndicate, No 918, is facing up to £10m in losses.

Last year a steering committee was formed of underwriting members to consider other problems on the Lloyd's syndicates managed by Minet's interests. It was formed to consider Minet's offer to compensate them for a missing £40m-worth of funds allegedly misappropriated from their insurance syndicates by former Minet underwriting executives.

That committee is expected to re-form next week. Plans being drafted already to seek an independent audit of Syndicate 918 by accountants Price Waterhouse, to discover the extent of losses.

Following rumours in the market, Minet this week was forced to reveal that substantial provisions would be needed on Syndicates 918, 940 and 157 for the 1983 and 1984 accounts. The losses have arisen on U.S. casualty insurance business.

Last year, when the near-1,500 underwriting members accepted the Minet compensation offer for missing funds, they had to waive legal rights, for further recovery of their money, over to a joint company owned by Alexander Howden and Minet.

The steering committee is to consult lawyers to see whether the agreement to waive legal rights can be repudiated.

Tricycle output resumed

FINANCIAL TIMES REPORTER

PRODUCTION of the Sinclair GS electric tricycle will start again on Monday as scheduled after a three-week break.

Sinclair called a halt to output at the Hoover washing machine factory at Merthyr Tydfil, South Wales, saying that vehicles in stock would have to be modified because of faults

with a plastic component. The company denied that a lack of sales was responsible for the temporary shut-down.

Sinclair yesterday declined to indicate whether it still expects to reach this year's target of 100,000 sales, set when the £289 tricycle was launched in January.

RFA ships to be taken off merchant list

By Andrew Fisher, Shipping Correspondent

BRITAIN'S 28 Royal Fleet Auxiliary vessels, which back up the naval fleet, are to be removed from the merchant shipping register in advance of orders worth up to £500m for six combined tankers and store ships to be equipped with missiles.

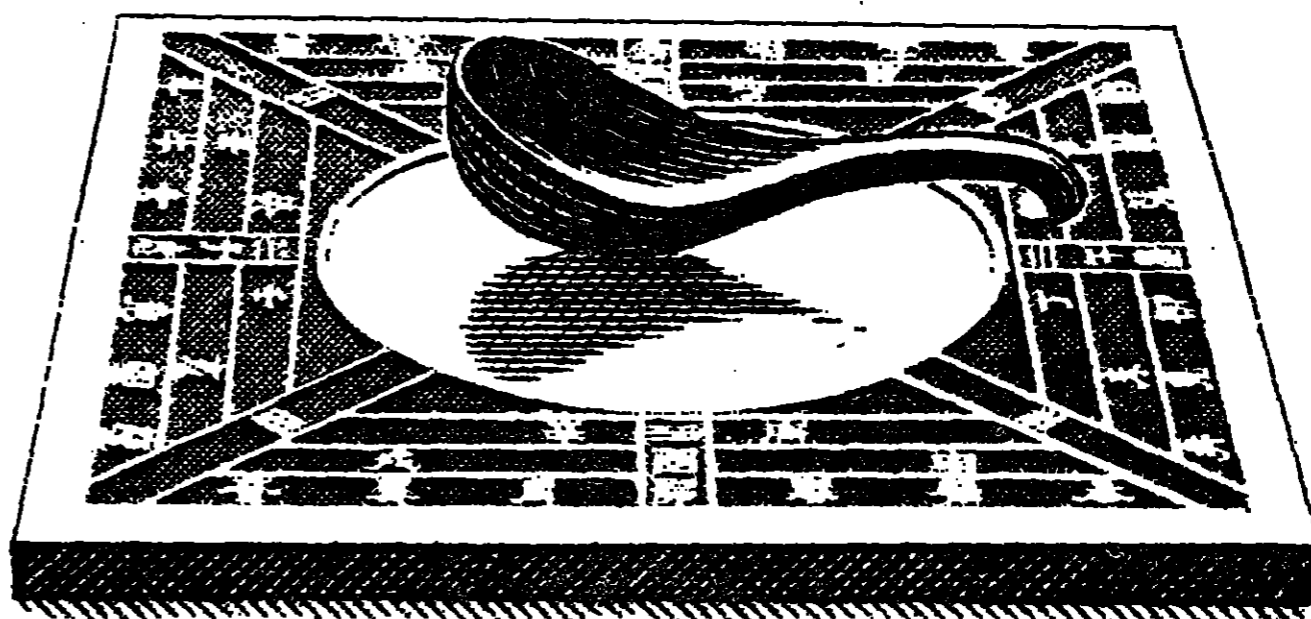
Both the removal of RFA ships from the register and the planned Government orders, the first to be placed this financial year, reflect the lessons of the Falklands conflict. The vessels will be regarded as specialised naval auxiliaries rather than as merchant ships attached to the warship fleet.

The vessels will be designed and built with all necessary defence and safety equipment, such as SeaWolf anti-aircraft missiles, rather than having this equipment installed later.

The RFA ships, including 15 tankers, will be categorised as government-owned vessels on non-commercial service. Mr John Stanley, the Armed Forces Minister, said.

The ships for which such yards as Swan Hunter, Scott Lithgow, Harland and Wolff, and Cammell Laird could be in the running, will have a capacity of 30,000 tonnes, carry up to 250 people, and also be armed with rapid-fire small calibre guns and decoys to deflect enemy missiles.

Mr Stanley said: "Over a considerable period, the evolving pattern of the Royal Navy's operations and commitments has increasingly tended to distinguish RFA vessels from commercial shipping."



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UK NEWS

BT share register to top 1.7m

THE LATEST forecasts indicate that British Telecom's share register, to be finalised shortly, will total over 1.7m shareholders, according to Sir George Jefferson, BT's chairman.

In a lecture at Emmanuel College, Cambridge, he said that the facts confounded those pessimists who claimed that most people bought shares for a quick profit.

He added that large numbers of shares would quickly find their way into the hands of financial institutions and professional investors.

Sir George said the British Telecom flotation had done more than any other operation to widen interest in share ownership among ordinary people in the UK.

Road spending up

SPENDING on major road construction during 1984-85 was almost 14 per cent up on the previous year, Mrs Lynda Chalker, the Transport Minister, disclosed yesterday.

Mrs Chalker said 15 trunk road schemes were completed early and another 16 of the 58 under construction were ahead of schedule. She said that the latest figures put the net total of spending on trunk roads at £806.2m for last year, up

Decision to close London Gold Futures Market

BY JOHN EDWARDS, COMMODITIES EDITOR

THE FINAL death sentence on the ill-fated London Gold Futures Market was delivered yesterday. A meeting of the 38 companies which paid £55,000 each to become "floor" trading members—approved resolutions that the company should go into voluntary liquidation and the market should be closed at a date yet to be finally decided, but probably the end of June.

This means that the loan stock holders will get their money back after various expenses have been deducted.

The market effectively ceased trading in February when the board announced it proposed to close down because of lack of support. The market has been opening an hour a day, but with only a few outstanding positions to be closed out there has been no trading.

The market has struggled to survive since it was launched in April 1982 with a sterling-based contract. A switch to a dollar contract in October 1982

brought a temporary revival in trading activity but this, too, gradually faded away for lack of interest when the gold market as a whole went through a long time of depressed conditions and declining prices.

Mr Robert Beale, chairman of the market, said the main reason for its lack of success was the dull external conditions that had affected gold trading throughout the world.

He said: "That was a bit of a killer. Maybe we would have been able to survive if the market had been established when gold trading conditions were more buoyant."

Not discussed at yesterday's meeting was an offer by Mr Bob Gibson-Jarvis, who helped set up the market as a consultant to the formation committee, to buy at par its share capital of £10,000. This offer is yet to be considered by the two shareholders, the London Metal Exchange and the London Gold Market, which each has a £5,000 stake.

Call to step up council tendering

THE Confederation of British Industry will call for strengthening of the Government's proposals to force local authorities to put specified services out to competitive tender.

In a draft response to the document, consultation in the Provision of Local Authority Services, the CBI welcomes the proposals as "closely resembling" ideas it has itself put forward.

However, it calls for amendments to the document, including adding waste disposal and plant service management to the list of five services proposed for compulsory contracting-out.

The Government's consultation document envisages requiring local authorities from 1987 to invite tenders for: refuse collection, street cleaning and cleaning of buildings; catering services; including school meals; ground maintenance; and vehicle maintenance.

The document also proposes to require councils to produce on demand comparative costings for other in-house services against those provided by contractors, and to give the Environment Secretary greater powers to intervene where councils are reluctant to put out work.

The confidential draft CBI response says the proposals would bring many benefits to ratepayers. "It is likely that once established for several diverse activities, the discipline and associated benefit would extend into other areas of local government."

Nevertheless, it calls for strengthening the proposals including, in particular, standardising local authority accounts for cost comparisons to be made.

CORRECTION

Pifco Holdings and Swan Housewares

OUR REPORT in yesterday's paper on Swan Housewares' decision to close its Belfast factory erroneously stated that the company had been acquired last year from BSR International by Pifco Holdings.

In fact, although in October Pifco announced its intention of buying Swan, the offer was subsequently withdrawn and Pifco is not in any way associated with Swan or BSR. We apologise for our error.

BCal urges immediate action on Stansted and Heathrow

BY LYNTON McLAIN

BRITISH CALEDONIAN Airways has called on the Government to authorise immediate development of Stansted Airport, Essex, and to remove limits to air transport movements at Heathrow Airport. It wants preparations to start for construction of a fifth terminal at Heathrow.

BCal also wants all charter services from Gatwick to be transferred to Luton and Stansted, leaving Gatwick as a scheduled-service only airport. BCal is based at Gatwick.

BCal supports many central recommendations by the inspector at the recent Stansted Airport inquiry. BCal's comments, in a booklet sent to government departments and Members of Parliament, are designed to influence Mr Nicholas Ridley, Transport Secretary, ahead of the Government's final decision on Stansted as London's possible third airport.

Mr Ridley is expected to publish, in June, a government policy statement on its attitude to development of Stansted. Publication of a White Paper on regional airports policy is expected for next time.

Government authorisation of development at Stansted looks

increasingly likely in view of the wide support from airlines, such as BCal and British Airways, and forecasts of growth in air transport to the end of the century.

BCal says: "The growth of Britain's airline industry could come to a standstill in 1990 without the expansion of airports in the South-East, including Stansted."

There is a vital role for regional airports to play, but it is impractical, if not naive, to believe that places like Manchester and Birmingham can

substitute as gateway airports for traffic wanting to come to London."

BCal says more landing and take-off capacity in the South-East is urgently needed. It says that at the existing Stansted Airport Britain has one of the finest air transport runways in the country and in terms of operational capability it is a highly suitable site to be developed in conjunction with Heathrow and Gatwick.

None the less, Stansted requires development of a new terminal

the North's expense. Beckett, the confederation's director general, speaking in Harrogate, North Yorks, said a fully international airport at Manchester would be an invaluable aid in reducing some of the North's economic stresses.

Mr Loret Lee, chairman of the Chinese Education, Culture and Community Centre, Manchester, is to meet Mr Michael Spicer, the Aviation Minister, on Monday to plead for direct air services between Manchester and Hong Kong.

Hotel group buys Liberal Club lease

By Michael Castelli, Property Correspondent

THE National Liberal Club building in London, built nearly 100 years ago on the express wishes of William Gladstone, is to be converted into a hotel. Thistle Hotels, part of Scottish and Newcastle Breweries, said yesterday it is acquiring from the Crown Estate a new, long lease on the building and is to integrate it with the adjacent Royal Horseguards Thistle Hotel. The plan will increase the number of bedrooms in the 4-star hotel from 298 to 388.

Baroness Robson of Kildington, chairwoman of the National Liberal Club management committee, said the sale safeguarded the long-term future of the club and would enable a badly needed improvement programme to be carried out. The club has 2,250 members and provides 140 bedrooms.

Thistle is paying a £1.35m premium to the club for the remainder of its long lease on the premises and has negotiated a new, 99-year lease with the Crown Estate. The club is taking a new underlease from Thistle.

Thistle owns 35 hotels in the UK and last year doubled operating profits.

ECONOMIC DIARY

MONDAY: EEC Agriculture Council meets in Luxembourg (until April 23). CBI/FT survey of distributive trades (end-March). Commons debates "the dismantling of the welfare state." Western European Union Defence and Foreign Ministers meet in Bonn. British and Japanese car industry chiefs hold annual talks on production and quotas in Tokyo.

TUESDAY: Preliminary estimates of consumers' expenditure (first quarter, provisional). Retail sales (March, provisional). Opec oil ministers meet in Geneva. U.S.-Soviet Union complete first round of arms talks in Geneva. EEC Budget Council meets in Luxembourg. EEC Research Ministers hold informal talks in Rome. British Institute of Management National Management Salary Survey published.

WEDNESDAY: EEC Social and Economic Committee in plenary session in Brussels (until April 25). Index of production and

construction for Wales (fourth quarter). Construction: new orders (February). FT conferences on "Multinationals—innovators in high technology" in Munich and "Communications in the UK—the challenge of choice" at Hotel Inter Continental, W1 (until April 25). Mrs Margaret Thatcher opens centre for Israeli muslim community in London. Union Carbide annual meeting.

THURSDAY: Energy trends (February). Detailed analysis of employment, unemployment, earnings, prices, family expenditure and other indicators. ICI first quarter figures. Freight Transport Association makes statement on bridge and tunnel tolls report.

FRIDAY: Sales and orders in the engineering industries (January). Bricks and cement production (first quarter). Balance of payments current account and overseas trade figures (March). British Insurance Brokers' Association annual conference.

Rate demands spark familiar complaints

Robin Pauley looks at an issue vexing London for 80 years

THE USUAL crop of complaints about the annual rate demands has started from business, commerce, domestic ratepayers and politicians. It was apparently ever thus.

The major part of a whole page of the Daily Graphic, published 80 years ago this month, was given over to the vexed question of London's rates with three headlines: "London's Burden," "Increasing Rates" and "Extravagant Municipal Expenditure."

The opening sentence says that the return recently issued by the London County Council for the rates levied in 1904-05 "shows very clearly that the outcry against the burden of rates has not been without reason."

In those days, London government comprised the LCC, covering the present Inner London Education Authority area, with 28 little London boroughs plus the City. Today, 12 boroughs have merged into 12 inner London boroughs plus the City.

The Graphic tabulated the rates for each borough, showing Poplar (now part of Tower Hamlets) as the highest rated borough at just over 10 shillings (30p) in the pound and Kensington the lowest rated at six shillings and sixpence in the pound (30p). In Poplar, about half the rate was for the LCC expenditure and half for local services. In Kensington, five shillings was for the central authority and only 5d for local services.

The main reason for the difference was the poor rate—money for the Poor Law Guardians. Poplar, a very poor area, had to raise 5d 6d for the Guardians, while prosperous Kensington, with a low level of poverty, had to raise only 2d.

The analysis also shows that then, as now, the poorest London boroughs had the highest percentage rate increases. Over a 10-year period, from 1895-96 to 1904-05, Poplar's rate increased from eight shillings in the pound to 10 shillings, a rise of 25 per cent.

Lewisham, which is now poor but was then very prosperous, rose from 7s 3d to 7s 6d over the same period, having fallen as low as six shillings at one point.

The differential between the highest and lowest total rates levied in inner London has widened. Poplar's rate was 50 per cent higher than Kensington's in 1904-05. But in 1984-85, when the total rate was different because of the GLC and Metropolitan Police precepts, the highest rate of 27s 9p in the pound at Southwark was 80

per cent higher than Wandsworth's 15s 7p.

Education spending advanced rapidly in line with all other local authority expenditure at the turn of the century. The County Council budget rose from £2.4m in 1895-96 to £4.6m in 1902-03 and the borough councils and district boards moved in line, rising from a total of £2.7m to £4.6m. The London School Board, a separate body running inner London education, increased its spending from £2.2m to £3.1m.

The Graphic concluded: "In every possible direction, the municipal expenditure has steadily increased and the question becomes annually more serious. When shall we reach the limit? Is it not true that some limit was put to the borrowing powers of local bodies? These are problems which will have to be solved before long. The whole question needs serious consideration and does not receive sufficient attention." Plus ça change.

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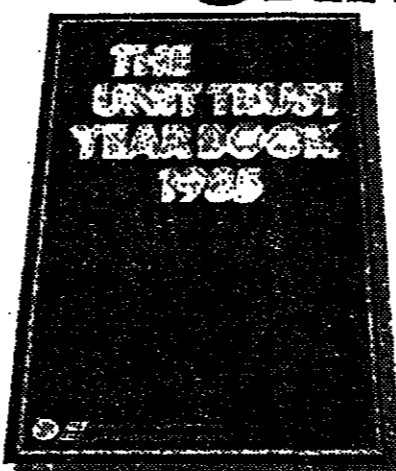
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UK NEWS-LABOUR

Poll casts doubt on TGWU region voting figures

BY PHILIP BASSETT, LABOUR CORRESPONDENT

SUGGESTIONS of possible ballot irregularities in the Transport and General Workers' Union region of Mr George Wright, the principal losing candidate in last year's disputed election for general secretary, is contained in independent poll findings to be published today.

Supporters of Mr Ron Todd, the successful candidate, have been suggesting for some time that election results in the union's No. 4 region, Wales, where Mr Wright is regional secretary, might be worthy of investigation, although Mr Wright's supporters insist that there was no malpractice in voting in the area.

The results of the survey by the opinion poll organisation Mori for Channel 4's Union World programme tonight, show a much lower turnout in Region 4 than claimed by the TGWU: substantially fewer votes than claimed in the union for Mr Wright, and higher for Mr Todd; and strong support for a re-run of the whole election.

Unreleased internal TGWU figures claim a 61.1 per cent turnout in Wales, second only in scale to the now-disputed Irish turnout figures. Mr Wright's camp points to its long campaign in the area, strong support from officers in the region and Mr Wright's prominence there by way of explanation.

The Mori figures, based on interviews on three days this week with 350 TGWU members at three branches in Swansea, show that only 49 per cent say they voted at all in the election. The internal TGWU figures show a large majority for Mr Wright in the region—89 per

Post held up by overtime dispute

By Brian Groom, Labour Staff

THE postal dispute which has disrupted mail in the Midlands, the South-east and the North-west was spreading last night as the Post Office announced that its original cause had been removed.

The dispute began in Northampton over overtime payments for delivering polling cards for the May county council elections. The Post Office said last night it had handed the cards back to Northamptonshire County Council at the council's request, because they were not being delivered.

By last night, collection and delivery of mail had been halted in areas covered by 20 sorting offices. More than 7,000 members of the Union of Communication Workers had walked out or been suspended, and a backlog of 20m letters was trapped by the dispute.

The Post Office hopes that staff will return to work when they realise that the cause of the dispute has been removed.

The offices affected were: Manchester, Preston, North-West London, Romford, Milton Keynes, Luton, Hemel Hempstead, Stevenage, Cambridge, Brackley (Oxford), Hereford, Northampton, Coventry, Peterborough, Leicester, Worcester, Derby, Nottingham and Slough.

The dispute is one of the most serious in recent years. It spread as workers refused to handle mail transferred from Northampton by the Post Office and by commercial customers.

There were fears in the UCU that it could jeopardise the recent sweeping agreement on new technology to work where practices, which has still to be endorsed by a union conference in five weeks' time. Officials know they face a difficult task persuading the conference to accept increased numbers of part-time staff.

The Northampton dispute began last Monday when 1,000 workers walked out following the suspension of one man for refusing to handle the polling cards.

According to the Post Office, the UCU in Northampton was demanding four hours' overtime for each member, costing at £14 a head for delivering an average of 500 cards.

The Post Office said polling cards should be treated as normal second class mail, although it is prepared to pay overtime if the cards cannot be handled during standard working hours.

Brinks-Mat takes Apex to court over strike vote

BY DAVID BRINDLE, LABOUR STAFF

APEX, the white-collar union, has been taken to court under the pre-strike balloting provisions of the Government's 1984 Trade Union Act by Brinks-Mat, the security company.

To add to the union's consternation, Mr Len Gristey, a former senior official of the Association of Professional, Executive, Clerical and Computer Staff and the union's negotiators during its famous Grunwick dispute in 1976, is general manager (personnel) with Brinks-Mat parent group, and was involved in pay talks leading up to the contested strike vote at the company.

One of the complaints made by Brinks-Mat was that an apparent clerical error had led to the words "standard clause" appearing on Apex's ballot papers instead of the intended standard clause on industrial action being a breach of contract.

The union is this weekend rebalancing its members on a

strike proposal, with ballot papers which it believes will comply with the Act.

The dispute is over annual pay negotiations for the 208 Brinks-Mat security guards represented by Apex. Although neither side is prepared to comment in detail, it is believed the company is proposing to defer any settlement to take effect from October 1, rather than the due date of April 1.

Mr Gristey said yesterday the need for a deferral had arisen because of a price war in the industry which had affected the company "quite desperately".

The union's disputed strike ballot, held in late March, showed 200 members in favour of striking from April 1. By April 2, the vast majority of the Apex drivers and guards were on strike at Brinks-Mat's UK depots.

Two days later, however, the company went to the High Court to contest the ballot, and the union agreed to instruct its strikers to return to work pending further negotiations or a re-ballot.

Among the company's complaints was the absence from the ballot papers of the required statement that industrial action is a breach of contract.

An Apex employee had apparently misunderstood instructions and had typed "standard clause" in the relevant space. In addition, the question posed on the papers referred only to "industrial action" and did not stipulate "strike action" as required by the Act.

Mr Gristey said he had been involved in the pay negotiations until mid-March when he was promoted from the post of general manager (personnel) of Brinks-Mat to the equivalent post with the parent group. He had not been involved in the legal action.

When he was Apex's senior area organiser for London and the Home Counties, Mr Gristey was the official responsible for the union's strikers at the Grunwick film laboratories. He joined Brinks-Mat in 1983.

Pay deal level rising says monitoring body

BY BRIAN GROOM, LABOUR STAFF

PAY DEALS over 10 per cent are appearing again, according to Incomes Data Services, the pay monitoring body. Although most settlements are still in a 5 per cent to 8 per cent range, the pattern is less stable and there is an increased number of higher settlements.

In its latest bulletin the monitor cites three examples—English China Clays' 10 per cent from March, International Harvester's two-year deal at Doncaster worth 11.5 per cent each year, and a 10.4 per cent settlement over 15 months at NEI Parsons in Newcastle.

As the Government announced yesterday that the inflation rate had risen to 6.1 per cent in March, IDS said negotiators had already allowed for the likelihood of 6 per cent inflation by the spring.

It says: "Now that is a

certainly we may see even fewer pay increases below 4 or 5 per cent and it is possible that the centre of gravity in the spread may rise slightly."

Offers in the public sector are a little higher than a year ago. IDS says the latest figures for settlements reported to the Engineering Employers' Federation show a median (weighted by employees covered) of 6 per cent through the winter months. This is the first real sign of an upward shift in engineering deals, the median having previously remained around 5 per cent since autumn 1982.

The company's latest pay chart shows some increased diversity of settlements, in spite of continued concentration on the 5 to 8 per cent range.

IDS Report 447; 140, Great Portland Street, London, W1N 6TA; available on subscription.

Rosyth dock workers to hold protest strike

By Stuart Jeffries

THE 6,300 industrial workers at Rosyth Royal Naval Dockyard, threatened with 500 redundancies under government plans, voted overwhelmingly yesterday for a half-day protest strike from noon Monday. Shift workers are expected to stage similar action.

Mr Jack Penman, the yard's convenors' committee chairman, said the action was the same as that Devonport industrial workers took on Thursday because "their fight is our fight." At Devonport 2,000 of the 13,000 workers are expected to lose their jobs.

A committee has been formed to liaise with Devonport. Mr Penman said: "Concerted action will now be planned, hitting the dockyards where it will hurt most. This is only the start."

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Wobbly Wall Street

WALL STREET has been buffeted by the continuing conflicting signals coming out of Washington, the U.S. credit markets, and the corporate sector this week. The further sharp slide in the value of the dollar has added to analysts' problems as they try to figure out what is going to happen to the U.S. economy in the second half of this year, and, in turn, how this will affect U.S. corporate profits.

On Thursday the U.S. Commerce Department surprised Wall Street by sharply revising downwards the first quarter estimates of the growth in the U.S. gross national product (GNP) from an original 2.1 per cent annual rate to 1.3 per cent. Analysts had been expecting a first quarter growth rate of around 2.3 per cent. The Commerce Department's figures about further falls in U.S. corporate profits also upset the equity markets, which have been taking, lately, a more bearish view on the U.S. corporate profit outlook.

The first quarter GNP figures, which will no doubt be revised again, compare with the 4.3 per cent annual growth rate recorded in the fourth quarter of last year and mean that the U.S. economy will be hard pressed to grow by the officially projected 3.9 per cent this year. Many analysts are talking of a 1985 growth rate for the U.S. economy of 3 per cent at best, less than half the 1984 growth rate.

The unexpected slowdown in the U.S. economy comes against a background of first quarter profit reports from the U.S. corporate sector which was added to the analysts' pessimism about the earnings outlook for some of America's biggest corporations. The big forest products companies like Georgia-Pacific and Weyerhaeuser, for example, both reported gloomily this week about the damage being done by the high dollar.

They have been hit hard by increased import competition, which in turn has depressed the domestic prices of many of their products at a time of fairly strong demand. These com-

NEW YORK

WILLIAM HALL

at the major networks with his upstart cable television empire, CBS shares, which were trading less than a year ago at under \$70, shot up to \$116 immediately after the bid announcement. But by the end of the day they had fallen to \$106. The recent wave of U.S. takeovers has been pushed on by increasing reliance, by corporate predators, on the issuance of high yield paper, known in the trade as "junk bond financing." But even by Wall Street's speculative standards Mr Turner's bid for CBS is, to say the least, risky.

For a while it has seemed as if corporate predators like T. Boone Pickens, the Texas oil man, and Sir James Goldsmith, the British financier, could conquer any company that took their fancy. As always, though, the market is beginning to adjust, and Wall Street is watching especially closely the current bids by Sir James for Crown Zellerbach, a rather sleepy San Francisco forest products company, and Mr Pickens' bid for Unocal, a lacklustre oil major based a few hundred miles south in Los Angeles.

Both companies have made it clear that they do not want to be taken over. Crown Zellerbach has rejected Sir James' \$42.50 per share bid, but said it will talk to anybody offering \$60 per share or more. Its shares have been falling this week, and by Thursday were trading at \$41.2.

Unocal has taken a different approach, and some analysts believe it may have found the answer to unwelcome takeover bids. It has rebuffed Mr Pickens' \$54 a share tender offer for majority control, and said that if Mr Pickens is successful it will swap the balance of its shares for debt worth the equivalent of \$72 per share, which would mean that Mr Pickens would fetch up with a company heavily in debt. Unocal shares have been falling this week, and by Thursday were down to \$46.75 against a recent high of \$53.

Meanwhile, the Fed funds rate, which is watched closely for clues to short-term movements in U.S. monetary policy, has fallen by around 100 basis points to 7.75 per cent over the past three weeks. This has fuelled speculation that the U.S. federal reserve might already be easing its monetary stance in a bid to revive the flagging U.S. economy.

Against this confusing background, U.S. share prices have found it difficult to make much headway this week. After seven straight days when the Dow Jones Industrial Average struggled up from the 1,153 level to just above 1,272, almost half the increase was wiped out on Thursday when the Dow Jones Industrial Average lost 7.18 and closed at 1,265.13.

Meanwhile, on the corporate front, the take-over fever continued apace, with Ted Turner's \$3bn bid for two-thirds of CBS, the nation's biggest broadcasting network. For people who have never heard of him, Ted Turner is a flamboyant maverick who has made his mark (if not his fortune) by cocking a snook

Watching the dollar fall

LONDON

ONLOOKER

THE EQUITY sector has again stood in the shadow of hectic activity on the foreign exchange market this week. Sterling is now close to levels not seen for almost a year as the dollar took another battering following the latest economic numbers out of Washington to show a sluggish looking economy.

The continued strength of the pound has enabled the clearing banks to indulge in another round of leap-frogging on base rates with NatWest and Lloyds cutting their rates by half a point to 12 1/2 per cent — a quarter point below their two main British rivals.

The move might have been expected to provoke some fresh rise in share prices which had been gently inching ahead for most of the week. But the cut had been widely discounted and the latest RPI figure was of more concern, suggesting an annual inflation rate of 6.1 per cent. That turned the market around, though the modest amount of red ink in the afternoon did no more than partially back-track on the rises of the last few days.

One share which did not have such a smooth run was Commercial Union. It has been the centre of bid gossip for many a month but the rumours started getting heavy earlier in the week that a bid was on the way. All sorts of names were linked as possible buyers — Allianz, Swiss Reinsurance, General Accident, Guardian Royal Exchange — but by yesterday the rumours were cooling fast, helped along by a couple of cold blast denials from Allianz and Swiss Re.

While the cynics raise a wry smile when merging companies prattle on about synergy and putting two and two together to make six, seven or eight, in this instance not even the two companies suggest that there is anything obviously to be gained — in terms of buying power, joint developments, etc — by standing the groups together.

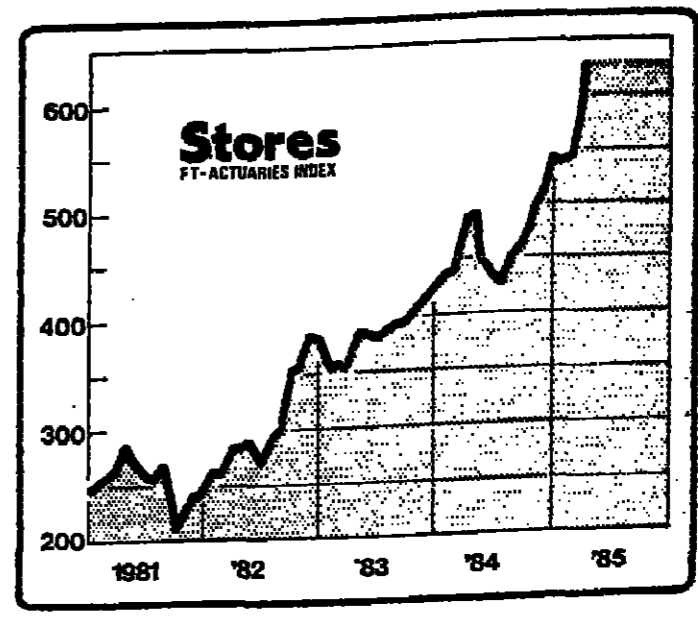
The main argument for acquisition appears to turn on management capabilities. MFI is continuing to demonstrate rapid growth in a largely mature domestic furniture market thanks to the strength of its management. Asda's forays

into non-food retailing have not always proved the most successful of ventures and while there is little doubt that its managers are capable food retailers, there may have been a feeling in the board room that some fresh aggressive members might not come amiss. And that thought has been echoed in the City this week as Asda's price rose on news of the takeover.

There is also the vague possibility that the combination will give the group a better position in bidding for out-of-town superstore sites. For while the store men across the country eagerly talk of retailing in the 1990s, they are equally convinced of the need for more and more major retailing sites outside of town centres.

The North has already achieved a high degree of such superstores but in the densely populated South (where the retailers think consumers' pockets are lined with gold) it is far more difficult to land planning permission and the few sites that are available come at a high price.

So the scramble for sites is on, hence Tesco's call on shareholders for £145m. Since this food retailer does not want to take over a consumer durables store — leastways not at the moment — the plan is to use the money to accelerate its new store opening programme. This year Tesco is planning to add 14 stores to its list at a cost of £200m. In truth the balance sheet could have stood £50m or £75m of debt without difficulty but the ability to make a good return on its capital base is at last proven and shareholders are unlikely to have any qualms about stumping up for another equity issue.



Uplift for Glaxo

With the dollar falling the stock market has understandably cast around for a few victims who would be bound to suffer from higher sterling prices. Glaxo was such a stock and in the month before this week's interim figures the shares shed around 5 per cent of their value relative to the market.

But the interim figures soon changed the market's perception. Against outside forecasts in the region of £155m to £170m, Glaxo shot forward with a two-thirds leap to £185m pre-tax for the six months. Even stripping out £12m of currency gains the performance was far in advance of anything the most ardent of optimists thought likely. The praise was glowing and the brokers' "buy" recommendations were soon landing on their clients' desks.

The success story behind the results is undoubtedly Zantac, Glaxo's anti-ulcer drug. The City thought that it was well and truly plugged into the growth — and potential growth — of this product since the beginning of the 1980s but the market had failed to keep abreast of its expansion, especially in the U.S., where the drug was introduced in the middle of 1983.

By last December, the closing date for the half-year figures, Glaxo's Zantac had around 38 per cent of the American anti-ulcer drug market and that figure is now up to 40 per cent. Around the rest of the world the products market share continued to improve — to around 45 per cent for both the UK and Germany. And Zantac is now breaking into Japan though the going may prove more difficult with an indigenous manufacturer about to launch a rival product to Zantac and the older established Tagamet — a Smith Kline drug.

Such is the hectic pace of Zantac's growth that some of the more cautious around the City are talking of Glaxo as a "one product company" with far too much dependence upon a single drug. Such doubts are overcooked. While Zantac continues to grab the headlines the old stagers (relatively in the drug world) such as Ventolin are still proving their worth. And Glaxo's ability to come up with another winner from its own R and D cannot be ignored.

The market is now talking of around £420m pre-tax for the full year, rising to something over £500m for the year ended June 1986. That drops the prospective earnings multiples down to 15.1 and then to about 13. The currencies may not be swinging in Glaxo's favour but that is arguably neither here nor there given the underlying trading performance.

Taylor Woodrow

Few would accuse Taylor Woodrow of being garrulous at the time of its preliminary figures, but there was no doubt that the sharp improvement in that the sharp improvement in pre-tax profits — a rise from £55.9m to £42.5m for the full year — was built largely upon an improvement in North America.

According to the geographical breakdown — the group is not adverse to splitting down its business at this stage, just saying much about it — the Americas accounted for almost 60m of the pre-tax rise with an increase to £12.9m. Currency translation has inevitably flattered the figures but even so, as with Glaxo, the underlying trend is strongly upwards with its housing activities in the U.S. and Canada achieving significant strides forwards.

Taylor Woodrow is reaping the benefits of the heavy investment over the past few years in areas such as Saratoga. Despite the high costs of raising money in the U.S. (by past standards anyway) for house buying, the Monarch subsidiary has undoubtedly enjoyed some excellent progress — the minority charges of £2.7m against £1.5m give some clue as to its progress. Monarch could have accounted for half the U.S. profits growth.

But if the North American continent was proving kind to the group, closer to home life has not been so happy. Pre-tax profits from the UK operations fell by almost £3m to £16.7m. Housing was down, with Scotland taking much of the blame, while the contracting market had been depressed, with competition hotting up and margins seeming to narrow by the month.

So where does all this leave prospects for 1986? The UK looks capable of fighting back to, say, profits of close to £20m pre-tax. North American currency gains cannot be repeated but profits there should be able to creep ahead, while other overseas areas — dominated by the fairly stable profits from the Middle East — seem set for further modest growth. All in all, profits this year could be in the region of £45m pre-tax.

Terry Garrett

Respite for Tootal

Tootal has retained its independence — but perhaps only to fight another day. The arrival of J. Rothschild Holdings as a buyer of Tootal equity within 24 hours of Entrad's £128m bid closing swung the battle against the Australians.

The Rothschild move overshadowed Entrad's proposals, made the same day, to seek a London listing for its shares if its bid was successful. Presumably this last minute tactic was pulled out to convince UK institutions that they could sell Tootal to Entrad at a profit and then buy a stake in it later on at a cheaper price.

Anyway Entrad has now failed. It could sit on its 29.9 per cent stake for a year and return to the battle, assuming it cannot get an agreed bid through beforehand which seems a little unlikely. More probable is that it will be searching out another buyer to pass on the share parcel. And it does not take much imagination to see that the Rothschild camp has moved in with the view of selling on its 8.2 per cent holding to another bidder.

No matter how Tootal's board wriggles in another fight, if a bidder could count on the Entrad and Rothschild holdings he is virtually home and dry — and a bid of 80p or so for Tootal could see its share quote disappear.

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Stores in the 1990s

Within the stores sector there is a groundswell of opinion that retailing in the 1990s will be an era of great change. But that seems to be about as far as the thinking goes with any clarity. Nevertheless in preparation for this great upheaval — whatever it may be — the larger of the country's retailers seem convinced on one point. Size and balance sheet strength will be

Dear Jonathan,

I have taken your advice for many years but now I read in the press that Investment Trusts have frequently out performed the All-share index and unit trusts. To me this sounds most impressive why therefore have you not recommended Investment trusts? I await your reply

David

19th Jan 85

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MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1985	1985	
	Y'day	on week	High	Low	
F.T. Ordinary Index	978.8	+11.0	1,024.5	928.7	Interest rate optimism
F.T. Gold Mines Index	515.2	-78.3	536.9	439.5	Currency influences
Arvill Petroleum	60	+12	62	47	Bid from Berkeley Expln.
Bougainville	113	-21	144	106	Weak Australian dollar
Curwight (R.)	168xd	+66	168	106	Bid from Henderson Group
Glaxo	£12	+ 1 1/2	£12 1/2	£10 1/2	Bumper interim figures
Harris Queensway	212	-22	234	166	Encouraging analysts' views
Lamont Hldgs.	158	+15	164	87	Good preliminary figures
MFI Furniture	283	+25	313	209	Merger with Assoc. Dairies
Midland Bank	360	+32	373	323	Recovery after recent fall
Miner Hldgs.	245	-42	307	231	Syndicate facing heavy losses
NEI	86	+ 6 1/2	87	76 1/2	Cheerful statement on outlook
Pendland Inds.	660	+73	665	297	Excellent annual results
Reed (Austin) A	125	+19	125	95	Annual results
Rowntree Mackintosh	405	+15	412	342	Revised bid speculation
Stock Conversion	492	+22	492	412	Bid speculation
Taylor Woodrow	398	+30	398	353	Good annual results
Thorn EMI	441	+21	464	395	Management changes/bid talk
Ward White	280	+42	280	197	Bumper full-year profits
Woolworth	840	+55	865	555	Persistent demand

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	US \$	£	Yen	DM	FF	Scd
US \$ Money	20.25	10.25	18.75			
Yen Money	10.25	20.25	18.75			
DM Money	10.25	20.25	18.75			
FF Money	10.25	20.25	18.75			
Scd Money	10.25	20.25	18.75			
Global Equity	22.25	22.25	17.48			
Global Bond	22.25	22.25	17.48			
Global Divd	22.25	22.25	17.48			
Global Energy	22.25	22.25	17.48			
Global Leisure	22.25	22.25	17.48			
Global Tech	22.25	22.25	17.48			
Global World	22.25	22.25	17.48			

Prices set at 19th April, 1985

Global Fund, All prices quoted without initial charges, and 2% in commission under £25,000.

In war, in peace you need his help

When help is needed, please help him and his dependants

A donation, a covenant, a legacy to
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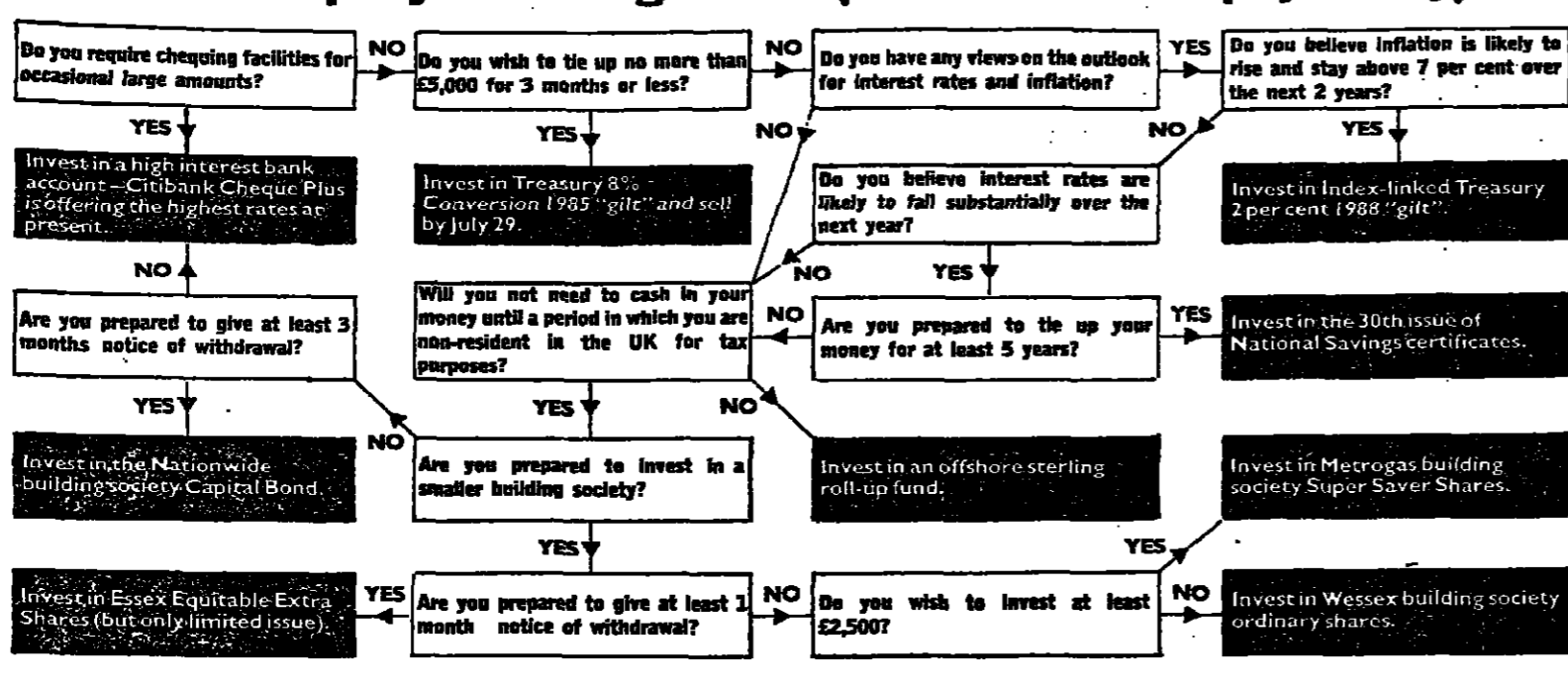
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A bigger slice of Pineapple

If you would like a copy of the 1984 Report and Accounts, please write to Scottish Widows' Fund and Life Assurance Society, FREEPOST, Edinburgh EH16 0NE or ask your Inspector or your local Branch of the Society.

YOUR SAVINGS AND INVESTMENTS

Where to put your savings now - (for basic rate taxpayer only)



CLIVE WOLMAN spotlights the best deal for basic rate taxpayers

IF YOU'RE one of the 96 per cent of UK taxpayers who pay tax at the basic rate of 30 per cent, the building societies have never been able to offer you a better deal than at present.

Not only are most interest rates in the economy close to their highest this century in real terms, after adjusting for inflation, but building society interest rates over the last month have been pushed up further just as market interest rates have been falling. The building societies, with their 25m depositors, 6m borrowers and often unenvied management structures, are usually slow to react to changes in market interest rates.

When market rates are particularly volatile, as they have been over the last four months, the societies can get out of line. On this occasion it has worked to the advantage of investors and the detriment of borrowers.

Since the publication, 10 weeks ago, of the last decision tree advising savers where to put their money, another change has enhanced the attractions of building society investments for basic rate taxpayers. This was the Government's surprise announcement on February 28

that the accrued interest on Government gilt-edged securities ("gilts") and other bonds would be subject to income tax as if the interest had been paid out in the form of dividends.

If, however, you own only £5,000 or less of stock at its redemption value, you escape the new rules (see article, page 11). So a small investment in gilts for a short period may still be attractive.

But the highest post-tax yields from a longer term investment in conventional gilts over one to five years are now only slightly above 8 per cent, more than 2.5 percentage points below the best building society offers.

If interest rates fall sharply, you could make a capital gain on your gilt holdings. But at present the interest rate differential is so unfavourable that it hardly seems worth taking the risk—for if interest rates fall to move down further, you will suffer a capital loss.

If you feel strongly that the likely direction is downwards, the 30th issue of National Savings certificates offers the highest returns over five years. For those who wish to make regular savings of up to £100 a month, rather than to invest a lump sum, the National Savings Yearly Plan offers a 9.28 per cent annual return over five years.

Although gilts have been left

far behind the building societies in the last month, stiffer competition has come from the high interest bank accounts (or trust funds). They offer returns close to the market rate of interest and also facilities for writing cheques. The Citibank Cheque Plus account imposes no restrictions on the size and frequency of cheques.

Some of the accounts and funds have their interest rates quoted daily in the Financial Times (see page 29). But beware. Their rates will be cut much more swiftly than those of the building societies, if market interest rates continue their recent fall.

An alternative version of a high interest bank account or trust fund is that based offshore (usually in the Channel Islands), where the interest is "rolled-up" until the investor withdraws his money. Only then does income tax have to be paid. If you are not a UK taxpayer at that time, your returns will be much higher than you could expect from other savings media.

Between the individual building societies, differentials have narrowed slightly over the last two months. But the premium you get on an investment in a smaller society is still large enough to make it worth shifting your money around.

There are several drawbacks to investing in a smaller

society, none of them are major. The most obvious is that you will probably have to send off a cheque in the post and communicate by letter, rather than by calling in at a local branch.

If you intend to apply for a building society mortgage within the next few months, it may also be worthwhile checking on which societies are charging the lowest interest rates to borrowers. Normally the smaller societies which offer the highest rates to investors are not the cheapest sources of finance for mortgagors.

One further source of worry is that a slightly higher risk that a small building society could default. The societies recommended here are, however, covered by the Building Societies Association protection scheme, although the cover is for only 90 per cent of your capital.

A decision tree advising higher rate taxpayers on where to put their money will appear on these pages within the next few weeks.

The detailed figures on building society rates can be obtained from Building Society Choice, Riverside House, Rattlesden, Suffolk. Tel: (04493) 287.

"Capital Gains—The Key Figures for Calculating Your Tax," a booklet containing the April 1985 and March 1983 values of shares, unit trusts and other assets, will be available shortly. Copies of the booklet, price £4.50 each including postage and packing, available from Nicola Banham, Publicity Department A, Financial Times, 10 Cannon Street, London EC4A 3DF. Telephone: 01-249 8000 ext 4895. Cheques should be made payable to the Financial Times and should accompany your order.

CURRENT INTEREST RATES AFTER THE DEDUCTION OF BASIC RATE TAX			
Savings product	Quoted rate %	True rate %*	Restrictions
Wessex Ordinary Shares	10.10	10.36	None
Nationwide Capital Bond	10.51	10.64	3 mths. notice
Metrogas Super Saver	10.55	10.95	Min. £2,500
Essex Equitable Extra	10.55	10.96	1 mth. notice
Citibank Cheque Plus	10.00	10.38	None
National Savings 30th issue	8.85	8.85	After 5 yrs.

* On a fully compounded basis.

George Graham shows an incentive to stay loyal

TSB punters have priority

FOR THE LAST four months, the Trustee Savings Bank's 6 million customers have been given an irresistible incentive to stay loyal, no matter what they think of the quality and expense of their banking services.

But from next week they will be given more opportunity to make proper use of both their money and their bank while they wait to take a share of the profits of the TSB stock market flotation.

The TSB is to abolish bank charges from Monday morning for all customers, provided their accounts remain in credit. This brings it into line with banks like the Midland and the Royal Bank of Scotland.

But they will have to be careful not to slip into the red even for a day, lest they be swung for three months with some of the steepest charges around—35p per transaction.

But the real incentive to stick with the TSB arises from the priority treatment they are likely to receive in buying shares in the group.

Because the TSB has no identifiable owners, proceeds of the share flotation go straight back into the group. This has the curious effect of making it virtually certain that whatever price the shares are sold for,

they will immediately be worth much more.

The logic runs like this: stockbrokers value the TSB shares at £1m. If the shares are sold for this amount and the money put back into the business, then it is instantly valued at £2m. The shares will then sell on the Stock Exchange at a premium over their original offer price.

"Practically, we can't see how they can go through the flotation without some sort of a premium," says Anthony Munn of stockbrokers Gileson Grant.

So those who have had accounts at the TSB at least since December 17 last year can expect to benefit from the priority they will receive in the allocation of shares, though the details have yet to be worked out by Lazard Bros, the merchant bank handling the flotation.

December 17 was fixed as cut-off date to stop a flood of stock market punters from opening accounts solely in order to benefit from the share offer.

Accounts of only a few pounds which have lain dormant for many years will also qualify for priority in the flotation. Customers with a passbook lying at the bottom of a drawer would

be well advised to take it along to their local branch to make sure their names and addresses are correctly recorded.

Customers in the old Savings account, now called the Service account, would not find that much interest has been credited to them in the intervening years. The account pays just 2 per cent net of basic rate tax. But some TSB accounts are more generous. The Premium Deposit Account, which requires 28 days notice of withdrawals, now pays 9.75 per cent net, equivalent to 13.93 per cent for a basic rate taxpayer.

Moneybuild, a five-year savings plan which allows no withdrawals but which can be ended completely after two years, is currently paying 7.5 per cent net, with an extra 1 per cent for anyone over 60 years old. TSB also offers a one-year fixed term deposit paying 7.5 per cent net, with the option of receiving interest monthly. (Accounts at TSB Scotland are slightly different.)

The clause also seemed to rule out bed-and-breakfasting. But the Inland Revenue has said that, if necessary, an amendment to the bill will be introduced to ensure that this interpretation cannot apply.

Bed and breakfast is back

Clive Wolman looks at this week's Finance Bill

THE BELOVED British institution, "bed-and-breakfast" is set to return to the Stock Exchange as a result of the legislative changes detailed in this week's Finance Bill.

Up to 1982, bed-and-breakfasting was a popular annual activity amongst stock market investors and an important source of income for stockbrokers. Its purpose was to allow investors to establish capital gains or losses on securities before the end of the tax year no April 5, so that they could make the maximum use of their annual exemption from capital gains tax (CGT). In the current year, this amounts to £5,900 of gains after inflation adjustment.

A gain or loss was established by selling a security one evening shortly before the

close of the stock market and buying it back again early the next morning, preferably before breakfast, to minimise the risk of a price change. A host of associated practices sprang up on the Stock Exchange, involving special deals with the jobbers, to minimise the costs of the transactions.

The Parliamentary draftsman of the 1982 Finance Act with callous disregard for tradition, made the practice an incidental victim of the technical legislation introducing the CGT inflation-adjustment provisions. Bed-and-breakfasters were left with only the possibility of taking an expensive "weekend break", selling and buying stock back between Stock Exchange account periods.

Now the practice has been given an equally incidental reprieve, a by-product of the extension of the indexation provisions announced in last month's Budget. Bed-and-breakfasting will now be possible for

all assets which are held on a "pooled" basis. The most important of these are ordinary shares.

The 1982 Identification rules, which killed off bed-and-breakfasting, will however continue to apply to non-pooled assets such as Government securities and corporate bonds.

When the Finance Bill was published on Tuesday, the fate of bed-and-breakfasting hung in the balance: if appeared the practice might be stopped by another provision, designed to stop investors buying an asset on the last day of a month in which the Retail Price Index has risen sharply, and selling it back the next morning so as to obtain a full month's indexation: chief from CGT under the wider inflation adjustment provisions announced in the Budget. The Finance Bill will now permit investors to claim the indexation allowance only on assets held for at least 18 days.

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Net*

9.71%
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Gross Equivalent*

13.87%
Gross Equivalent CAR*

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*These rates of interest vary with market conditions. On 28th April 1985, the applied net rate was 9.27% for a basic rate taxpayer (this is equivalent to 13.24% net, taking account of the daily crediting and compounding of interest, the compound annual rates (CAR) are 9.71% and 13.87% respectively.

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YOUR SAVINGS AND INVESTMENTS

George Graham on all-in banking services All your eggs in one basket

PICKING THE best bank account can be bewildering. The account that pays interest on your balance may seem a good thing in February, when you are £1,000 in credit. But when you dip into the red in March it will hit back with stiff charges for each transaction.

Many people trying to make the best of their bank balances use a combination of accounts — one allowing you to write cheques, pay standing orders and direct debit, and withdraw cash, and one paying interest but offering few banking services, to hold surplus funds.

You can sweep money backwards and forwards, keeping enough money in the writing account to keep bank charges to a minimum but not so much as to waste the interest you could be earning.

You have to keep on your toes. Many is the investor who has miscalculated how long a cheque would take to clear, and has found himself paying bank charges for three whole months because his balance slipped

below £100 for a day or two.

You can have it all done for you. The Alliance and Bristol and West building societies both offer composite services that link their own interest paying accounts with a current bank account, and automatically sweep money from one to the other.

Save & Prosper was one of the first groups to offer a high interest cheque account, in conjunction with its parent Robert Fleming, and it now thinks it has another answer to the problem.

The Classic High Interest Bank Account is intended to offer an all-in-one banking service which avoids the need to juggle money between current accounts, deposits and building societies but with a lower minimum initial deposit than for its earlier Premier account.

You must open your account with at least £500 and can make deposits and withdrawals in any size or number you like. You pay a flat charge of £2 a month

if your balance is less than £1,000 at the end of the month but will receive interest.

This interest rate will be 5 per cent net of tax on the first £500, and a market related rate — currently 9.21 per cent — on the rest. If you keep more than £5,000 you will receive the market-linked rate on the entire amount.

The account also gives you a Visa card, but unlike most Visa cards — such as Barclaycard or TSB Truistcard — it will not operate as a separate credit card account.

With Barclaycard you receive a bill at the end of the month and can pay whatever proportion you choose above a fixed minimum.

With the Save & Prosper Visa card you will not receive a separate bill. Any payments you make with the card will instead be debited directly from your account.

Cash withdrawals will be debited immediately and purchases at the end of the month, so you will have the same

period of grace as you would with a credit card. The only difference is that cannot choose not to pay some of the bill — though if it is too large for your account it can be converted into an automatic overdraft.

Save & Prosper ran its own computer check on how much it would cost a typical customer to bank with various organisations. Using the same pattern of credits and debits over six

months, it measured the offsetting effects of interest paid and charges deducted on customers who keep different amounts of money in their accounts.

The S & P figures show its accounts comparing well with its competitors for those who keep a large average balance but dip occasionally into the red. The company admits that smaller depositors will find the accounts expensive because of the £2 a month standing charge.

NET INTEREST (+) AND CHARGES (—) ON CURRENT ACCOUNTS

Average balance £250 Minimum balance £100		Average balance £1,000 Minimum balance —£1	
1. B & W Moneylink	+0.74	1. S & P Classic	+37.23
2. Alliance Banksave	+0.19	2. B & W Moneylink	+28.32
3. Barclays	0.00	3. S & P Premier	+23.26
4. Lloyds	0.00	4. Dunbar & Co	+23.09
5. Midland	0.00	5. Alliance Banksave	+13.44
6. National Giro	0.00	6. Royal Bank	+5.30
7. NatWest	0.00	7. Barclays	0.00
8. TSB	0.00	8. Lloyds	0.00
9. Williams & Glyn's	0.00	9. Midland	0.00
10. S & P Classic	-6.00	10. National Giro	0.00
11. S & P Premier	-12.00	11. Williams & Glyn's	-6.02
12. Dunbar & Co	-14.08	12. NatWest	-10.56
13. Co-op Bank	-15.00	13. TSB	-27.30
14. Royal Bank	-18.05	14. Co-op Bank	-32.40

Source: Save and Prosper

George Graham looks at income bond flexibility Switched on to the fast track

folio of shares for you on which they earn commission.

There are, however, insurance brokers who will provide switching services for their clients. To keep down administrative costs, most will put their clients into a private managed fund within the larger insurance bond, rather than running each client's bond separately.

But Financial Services of Windsor runs £1m in such a private managed fund within the Target Life Investment Bond.

This is one of many brokers to use the Target bond for its clients, since it offers free

switching. But whereas most switch only rarely, and usually only when Target's fund managers advise them to, this moves its money around often and aggressively — sometimes as many as six switches in a single week.

Richard Anley, managing director of this, says the philosophy is to make continuing small profits on deals, rather than aiming for a single large gain over a longer period without any control over the day-to-day movements.

Anley says that at any one time 70 per cent of all funds are going nowhere, only 30 per

cent are moving either up or down. He looks for a 1 per cent gain over ten days and limits the risk of a drop by moving swiftly out of funds that start to decline.

He measures the relative strength and volatility of the various Target funds to decide which sectors to move into, but keeps a watchful eye on what the computer tells him.

And he does not hesitate to move out of equity markets altogether. For two days last week 100 per cent of the £1m was in Target's deposit fund.

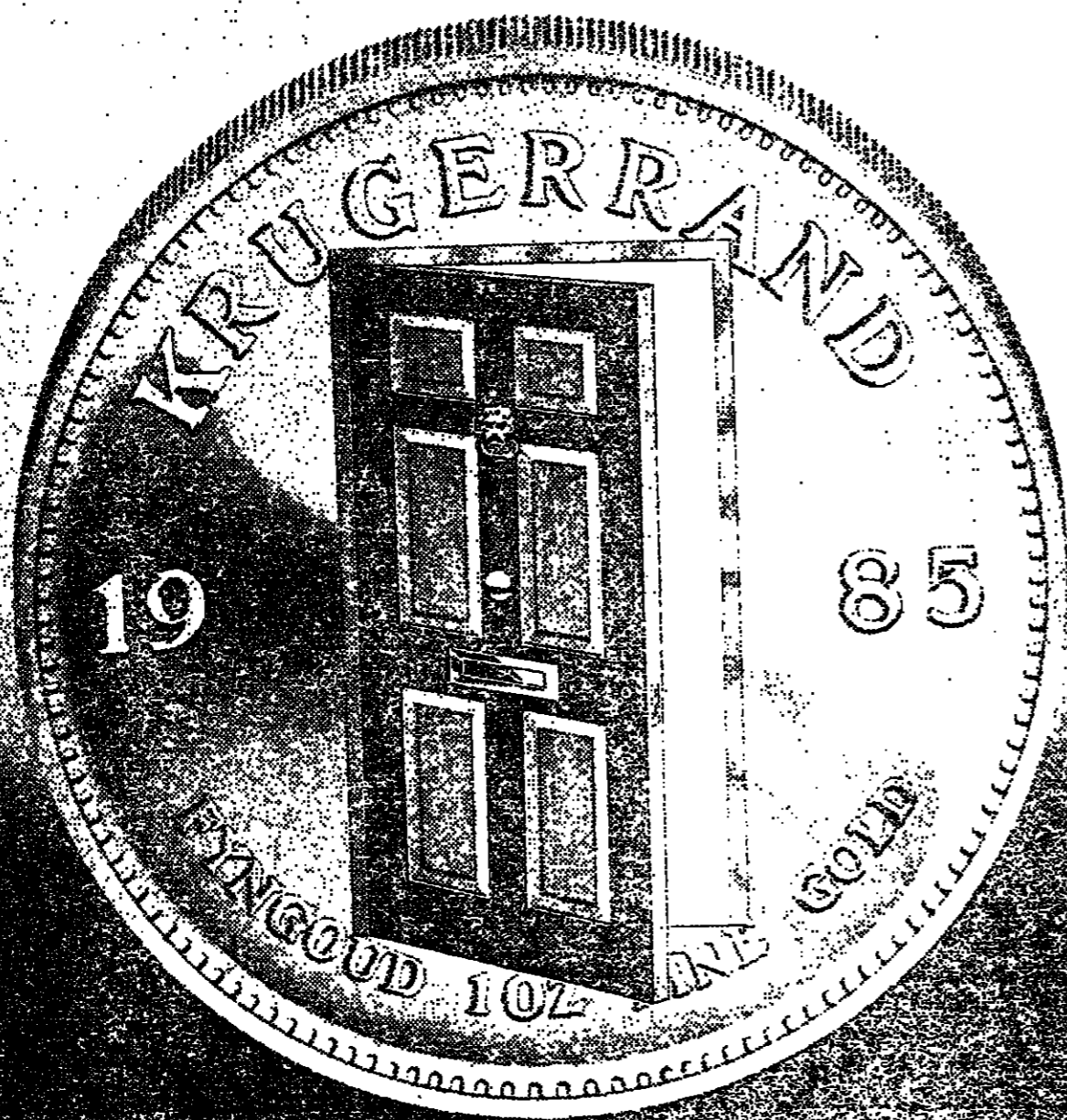
This charges 2 per cent a year

for its management but says that this is more than made up by the enhanced performance. Anley says his fund's average performance is 9.7 per cent better than the median international equity fund.

But things can go wrong, as with any system based on technical analysis and trend trading. In September 1984 the £1m fund lost about 6 per cent of its asset value because of the effect of currency movements. It sold out of the American stock market, but when it wanted to buy back in again, the rising dollar meant that it got fewer units for its money.

Anley has now adjusted his programme to avoid this, by widening the automatic stop-loss precautions. "If you let a computer run a fund on its own you can cause a lot of trouble," he says.

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YOUR SAVINGS AND INVESTMENTS

Clive Wolman examines the case for inflation-proof pensions

Just the thing for a 25-year-old pessimist

ONLY FIVE years ago, the inflation-proof pension was regarded as the most valuable of all perks, a symbol of security and privilege that civil servants and the public employees had carved out for themselves and passed on to the rest of the population.

Today, however, index-linked pensions are becoming available to everyone as a result of two changes, the introduction of index-linked Government securities in 1981-82 and the Government's promotion of personal pension plans.

The 10m people who are self-employed or who work for companies too small to have a pension scheme are already able to set up their own fully index-linked pension. Even those already in occupational pension schemes should soon be granted the freedom to do likewise under a Government Bill due later this year.

Financial institutions have started offering their own index-linked pension plans. Last month the Nationwide Building Society launched the first building society index-linked pension savings scheme for the self-employed. At the same time, the merchant bank Hill Samuel announced it was offering index-linked pensions to its employees.

Several insurance companies, including Standard Life, Scottish Widows, Abbey Life and Eagle Star, are now marketing index-linked annuities. On retirement these permit the proceeds of a pension plan to be invested to produce an inflation-proof income until death.

The fundamental attraction of an index-linked pension is that it removes once and for all the anxiety and the fears suffered by every generation of pensioners since the First World War that sharp rises in the cost of living will force them into poverty.

The cost of providing a pension whose real purchasing power is guaranteed not only at the date of retirement but for all subsequent years has sometimes been too high to be acceptable. When British Airways last year offered its employees immediate cash in return for converting their index-linked pension into a more conventional arrangement, just over half the employees took up the offer.

Harold Clarke of consulting actuaries Bacon & Woodrow

has calculated for the Financial Times what size index-linked pension will be available for those who, through a personal pension plan, invest exclusively in index-linked Government securities. Such investors are adopting an extreme safety-first strategy by eliminating virtually all the risks implicit in provision for retirement, both the inflation risk and the investment risk associated with shares.

His conclusions, shown in the table, are depressing. Only if you start a pension plan at the tender age of 25, invest the maximum permissible 17.5 per cent of your relevant earnings each year and do not retire until 65, can you expect to build up a pension which approaches two-thirds of your final salary. The two-thirds figure is the amount normally paid to those who have remained in the same occupational pension scheme for 40 years or more of their working lives.

In some respects the figures are too favourable. They assume that the investor incurs no costs in setting up and monitoring his pensions plan—and no costs in buying the index-linked gilts required to fund the pension. Clarke has further assumed that, over the period of investment, index-linked gilts will yield a total real return, after adjustment for inflation, of 3 per cent per year. He also assumes that the investor's earnings rise at a steady 2 per cent per year faster than the inflation rate in each year to retirement. So, for example, if inflation averages 6 per cent, then his assumptions require index-linked gilts to yield 9 per cent and earnings to rise at 8 per cent per year.

In fact the redemption yields on index-linked gilts are currently above 3 per cent in real terms and if they remain at this level you could expect a considerably higher pension. On a very long-term perspective, over the past century, a 3 per cent real interest rate is a more realistic figure. If you are prepared to take higher risks you could invest some of your money in equities from which you will probably achieve a real return higher than 3 per cent.

The assumptions about an individual's earnings pattern to retirement may not seem realistic. Suppose instead you

assume that your earnings will increase by 4 percentage points more than inflation (or by 10 per cent in the quoted example) for each of the first 10 years after you have set up your pension plan while you are still relatively young. Thereafter assume, as before, that your earnings will increase by only 2 percentage points more. In that case your pension, as a proportion of your final salary, would be slightly less than the figures shown in the table but only by about 2 percentage points in each case.

The Bacon & Woodrow figures also make no allowance for the provision of life insurance during the early years of the pension plan, although the cost of providing term insurance for your spouse in those years is minimal. The figures allow for your spouse to receive half the pension if you die after your retirement but before him or her. If you die before retirement, your spouse will receive your full accrued pension rights.

The latest realistic assumption behind the figures is that you will incur no administrative costs. In practice, insurance companies impose heavy charges

for providing even the minimal back-up for what are called self-administered pension plans. Clarke himself and his fellow actuaries at Bacon & Woodrow have pared their costs to a minimum using a device easily available to partners—or to any group of at least seven employees.

This involves establishing an officially approved friendly society with your colleagues which then has the power to manage the pension plan by itself. Normally five-yearly actuarial assessments will have

to be paid for by the society. With such a simple index-linked plan, the costs of such advice should be relatively small.

Do not conclude from these figures that an index-linked pension is not worthwhile—or that you are paying too high a premium for such an "inflation insurance policy." With a conventional pension, you will be much better off on the date of your retirement, but within a few years, as your real income is inexorably eroded by inflation and your standard of living falls, you will be overtaken by your index-linked colleagues.

The only reasonable conclusion to draw from the figures is that any provision for a secure retirement at a moderately high standard of living is extremely expensive.

PROPORTION OF FINAL SALARY TO BE PAID AS AN INDEX-LINKED PENSION ON RETIREMENT FOR AGES SPECIFIED, ASSUMING PENSIONER HAS INVESTED 17.5 PER CENT OF HIS/HER EARNINGS

Age of starting pension plan	Man aged 65	Man or woman aged 60
25	62	48
30	52	38
35	44	31
40	36	24
45	28	18
50	20	12
55	13	6

GA goes for repair and salvage business

Eric Short reports on a new method of vehicle insurance

for the car and—if necessary—for the driver.

The leaflet gets out the services offered by the garage, claiming to provide the highest possible standard of work, backed by a 12-month GA guarantee on the repair.

GENERAL ACCIDENT, one of the UK's three largest motor insurers, took a bold step last week which is likely to change the way in which drivers insure and repair their vehicles.

GA, a Perth-based company which controls 10 per cent of the motor insurance market, has entered the motor repair and salvage business. It has taken a 51 per cent stake in a new motor salvage company called Auto Economics, based in Ashford, Kent, and a 49 per cent stake in Autocrafts, a Folkestone motor repair company.

Motorists insured with GA may be immediately affected by these moves, should they suffer an accident.

Autocrafts has been designated a General Accident Repair Centre. A promotional leaflet from GA invites motorists to have their cars repaired at the centre if they are involved in an accident. Collection and delivery is provided



If a motorist wants to have his or her car repaired by the local garage using new parts, GA will make no attempt to persuade him otherwise. These motorists will simply be informed that alternative services are available.

It is standard practice for motor repairs in the U.S. to incorporate reconditioned and salvaged parts, with the motorist having little say in the matter. Roberts does not expect this to happen on a comparable scale for some time in the UK but the financial pressures on motor insurers point in that direction.

Since no other insurance company has yet followed GA's competitive pressures alone will ensure that it will have to adopt a fairly low profile if it is not to risk losing customers.

ANNUAL REPORT 1984

Life & Pensions business - an important and integral part of General Accident.

A year ago Mr Gordon Simpson told shareholders:

"Your Board have a commitment to a policy of dividend progression which can be sustained, and they recognise that, in the nature of our business, earnings as traditionally calculated will fluctuate. They are aware too that a part of our total earnings comes in the form of investment gains which are not reflected in our published earnings statement; asset value appreciation, however volatile, is an objective of investment policy, which is designed to generate the maximum total return."

FROM THE ANNUAL REPORT 1984

RESULTS £m	1984	1983
General Premiums	1,689	1,395
Investment Income	266	213
Underwriting Loss	268	150
Life Profits	7.7	4.9
Pre-Tax Profit	3.9	65.6
Attributable Profit	9.8	62.2
Dividend per Share	20p	19p
Assets per Share	828p	677p

At a time when traditional earnings are severely depressed but balance sheet earnings have never been higher, it is important to reaffirm our faith in the future.

An unchanged interim dividend of 8p per share was declared on 15th August 1984 and the Board are recommending a final dividend of 12p

per share, making a total of 20p per share (1983: 19p per share). This represents an increase of just over 5%.

Our surplus funds increased by £253 million to a total of £1,392 million, equivalent to 828p per share (1983: 677p per share).

LIFE & PENSIONS

In order to emphasise our strong determination to develop life operations as an important and integral part of General Accident the names of our two UK Life subsidiaries, Yorkshire-General and the

English, were changed to 'General Accident Life Assurance' and 'General Accident Linked Life Assurance' respectively on 1st January, 1985.

General Accident Linked Life Assurance entered the unit linked market early in 1985 with a range of unique and extremely competitive contracts. Day-to-day investment management for these contracts has been placed with Edinburgh Fund Managers, in which company General Accident has taken a 10% equity interest.

RATING POLICY

The structure of our private car rating tables continues to be refined in line with our intention to balance premiums more precisely against claims experience. Competition, however, remains particularly keen and private car rates must harden in the market to match increasing claim frequency. The experience in commercial motor fleet business is noticeably worse than private car business and a significant increase in premium rates is essential.

In home contents insurance, development of a revised rating structure will reflect more accurately loss, particularly theft, patterns in different areas of the country.

OUTLOOK

Our capital base is not only undamaged by our 1984 experience, but has been enhanced to a new record level, and I am glad to say again that our total performance over the longer term has been progressive, as has been our dividend record.



1885-1985

During 1985 we celebrate the first hundred years of General Accident. The Corporation was founded in Perth, Scotland, on 16th December, 1885.

General Accident

Copies of the Annual Report & Accounts can be obtained by writing to The Secretary, General Accident Fire & Life Assurance Corporation plc., World Headquarters, Pitheavlis, Perth, Scotland PH2 0NH.

PERSONAL ATTENTION TO INVESTMENT MANAGEMENT

If you want personal attention, and an individual service, tailored to your own specific needs we can provide it. Over the past five years my colleagues and I have developed a highly personalised operation and we would welcome the opportunity of making our specialist knowledge available to you.



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The only requirements are that your opening balance is over £2,500 and that any transaction through the account (except Visa payments) is over £250. Cheques may be made payable to third parties.

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- Interest rates are variable and published daily in the Financial Times and Prestel, page 3951128.
- Available throughout the UK.
- No need to have another account with us.
- Interest is calculated daily and

either applied monthly to your account or credited to any UK bank account.

- The first nine cheques per quarter are free of charge, thereafter a charge of 50p per cheque will apply.
- Money Market Cheque Account is available through Home Banking another leading service from Bank of Scotland. (Tick box for details)

9.26% = 9.66% = 13.80%

Net Rate Net Compounded Annual Rate taking account of monthly interest remaining invested. Gross Compounded Annual Rate to Basic Rate taxpayers.

12.40% = 13.13%

Customers entitled to Gross Interest (Not ordinarily available to individuals who are U.K. Residents). Applied Rate Compounded Annual Rate - taking account of monthly interest remaining invested.

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An acknowledgement of your deposit will be sent by return and your cheque book will follow a few days later.

Bank of Scotland Money Market Cheque Account.

FINANCE AND THE FAMILY

Agent will pay tax on flat rent

In 1980 I bought a flat on a building society mortgage. The following year I took up a position abroad and subsequently established non-residence for income tax purposes. The flat has not been occupied by me except when I have taken leave in the U.K.—some 2-3 times each year.

I have recently let the property having got the building society's permission and complied with its requirements for letting. An agent is managing the letting. Neither the tenant nor the agent deducts income tax from the rent and I accept that this will fall to me to resolve with the Inland Revenue.

I have been receiving the tax advantage under MIRAS. The building society now suggests I obtain form MIRAS 3 "moving from mortgage property" in case I am affected. I assume that when computing the tax liability on the rents mortgage society interest is not a deductible item when relief is received by MIRAS. If I cease to receive MIRAS would mortgage interest (inter-alia)

be taken into account when assessing the tax liability on the rent? I understand that in my circumstances MIRAS is no longer a concession after four years. Does the four years begin from the introduction of MIRAS or the start of the letting? I understand that arrangements can be made for the rental income to be paid to the non-resident landlord without deducting tax pending settlement of tax.

The income tax assessments will be made upon your agent, under section 78 of the Taxes Management Act 1970. After he or she has been charged to tax, he or she can retain sufficient rent money to meet the tax bill, by virtue of section 83 of the Act.

The ultimate tax liability which you bear should be the same, whether or not the MIRAS facility is withdrawn. Ask the agent (or someone else in this country) to send you copies of the free explanatory booklet IR11 (Interest paid) and IR27 (Income from real property), which are obtainable from tax inspectors' offices.

Declaration of trust

I own shares in an investment trust which I wish to transfer to my wife. Can you tell me the simplest and cheapest procedure for doing this? Do I have to pay stamp duty and how much would it be? I may also wish to transfer units in a unit trust to her. Can this be done simply by writing to the trust or is commission payable?

To effect transfers of the shares or units you would have to execute formal transfers and incur stamp duty. A simpler course would be to execute a declaration of trust, leaving the shares registered in your name but giving the beneficial interest in them to your wife.

Two foreign pensions

I am resident, and employed full-time, in Switzerland, and the legal framework for my impending divorce is set out in a contract drawn up by two lawyers, signed by myself and my (Swiss) wife, and destined for submission to, and approval by, the competent cantonal divorce court, at which stage the contract comes into force. (This procedure is often followed in Switzerland as an alternative to the full court proceedings.)

The contract provides, inter alia, for alimony payments to my wife to continue whilst we are both alive (unless she remarries), albeit geared to my actual income. Under present Swiss tax law, these payments are allowable as a deduction from taxable income, but given that in my case they will be effected directly and not through the courts (as in the case also of court-ordered maintenance payments here), I should like to know whether such payments would be tax-deductible if I were to return to live in the United Kingdom.

If this were not the case, would there be any advantage in asking my Swiss employer, when the time came, to pay two separate pensions (one directly to my wife's Swiss bank account in respect of my alimentary liability), as he

has done for other foreign employees in my type of situation?

We take it that you are (or will be) domiciled in England and Wales (or in Scotland or in Northern Ireland). That being so, the maintenance payments should be deductible in assessing your Swiss pension, by virtue of section 122 (1) (b) of the Income and Corporation Taxes Act 1970 (as amended), provided that your wife does not come to live in the UK. You may like to write to the Inland Revenue Public Enquiry Office, Somerset House, Strand, London, WC2R 1LB, for a copy of the free booklet IR30 (Residents and non-residents: liability to tax in the UK).

CGT and parents' home

I shall be glad if you will kindly let me have guidance in connection with the following situation concerning a friend of mine. In 1967 he purchased for the sum of £2,650 a house which has since been the sole residence of his parents. They were then and are now of modest means but do not satisfy the definition of depreciation relative in the legislation concerning exempt assets for Capital Gains Tax purposes. The property now has a market value of approximately £30,000 and he is becoming concerned about the situation which might arise on a sale of the property. Are you able to suggest any means by which the impact of Capital Gains Tax on a sole could be mitigated?

If he can conveniently go to live with his parents for a (shortish) time, an election under section 101 (5) (a) of the Capital Gains Tax Act 1979, followed by a notice of variation, could reduce the prospective chargeable gain—by virtue of section 102 (2), as amended.

It is difficult to give a really helpful reply without far more detailed background facts and figures, because the CGT rules are intricate, arbitrary and capricious.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Family home and CTT

I lived at home with my parents at the age of 25, but at that time expected and hoped to get married; I did not purchase a property. I had a good income and could easily have bought a house at that time. Now, after 27 years, I am still living at home. House prices have risen ahead faster than the inflation rate while my income has not kept pace with inflation. I could no longer afford to buy the same house that I could have purchased easily when I was 25. I will probably need the income from my savings to supplement my pension, especially as I may have to retire early for health reasons.

The problem is—how do I cope with C.T.T. when my parents eventually die? My home is their home, but of course it was purchased by them and is in their joint names. When eventually I inherit the house which already has a market value of well over £200,000, I will certainly not be able to afford the Capital Transfer Tax. I would therefore have to sell what is effectively my lifetime home just to pay that tax; this is something I would be

very unhappy to have to do. Could you please advise me if there is a scheme whereby I could inherit the house without the high level of C.T.T. indicated; but at the same time protect my parent's rights and usage during their lifetime. They naturally would not wish to lose control over their home, particularly should I marry as although they trust me absolutely, there is no obvious way by which they could protect their interests.

You should consult with your parents to ascertain if you can set up some schemes to minimise the incidence of Capital Transfer Tax. Thus if they sever their joint tenancy and each leave their half share to you, you will be able to take advantage of £128,000 of CTT exemption if no part of their two exemptions has yet been used. In addition they could give you interests worth £18,000 in the next few months by (a) each giving you £5,000 (two years at £3,000) worth of shares in the equity of the house before 6 April 1985 and a further £3,000 each after 5 April. This could leave you with a manageable tax burden on the death of the survivor which might be met by mortgaging the house.

Equity & Law – Attractive products and good investment performance

Extracts from the Statement by the Chairman, Mr P D J H Cox, and the Report and Accounts for 1984

* Total long term business profits distributed to policyholders and shareholders for 1984 were £60.8m, an increase of 26% over the previous year and almost double the amount for 1981.

* Average annual rate of increase in dividends over the last five years has been more than 20%.

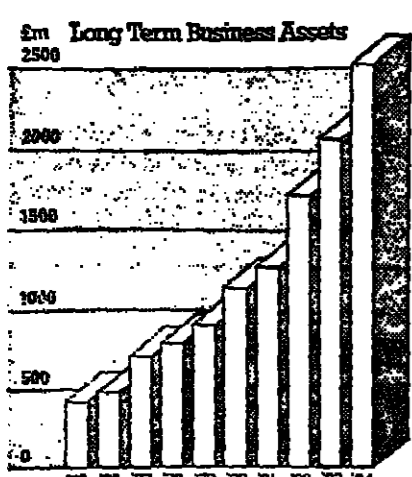
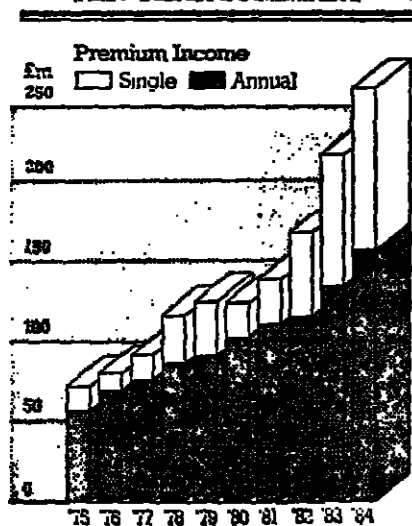
* With Multiplan and Multipension we have brought new ideas to the protection and individual pension markets and expect to launch this year a new form of with-profit contract for the mortgage market.

* German business, all on a with-profit basis, now makes a significant contribution to the shareholders' allocation of profits – 9% of the total for 1984.

* The continuing success of our investment managers was typified by Equity & Law being named by Money Management as the top unit trust group for 1984.

* We have the financial strength to continue to expand in a controlled way and we have the staff at home and overseas with the expertise and energy to do so. I am confident therefore that Equity & Law will continue to grow and to prosper.

TEN YEAR SUMMARY



HIGHLIGHTS OF 1984

	1984 £ million	1983 £ million	Increase %
New annual premiums	37.0	33.8	9.5
New single premiums	107.4	84.7	26.8
Total premium income	262.5	217.8	20.7
Long Term Business assets	2,510	2,078	20.8
Earnings	5,639	4,638	24.3
Dividends	5,624	4,519	24.5

For a copy of the Report and Accounts incorporating the Chairman's Statement and a full Review of 1984, fill in this coupon.

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ALTA

GARDENING

It's springtime—but
the sowing's not easy

BY ARTHUR HELLYER

IF ONE certain thing about garden diaries in Britain is that it is impossible to follow them slavishly. The book may say "sow in early April" but if the soil is still soaked with winter rain, as it is in my garden and any others, it is impossible to prepare seed beds let alone sow seeds. There were two or three days in March when it was just possible to cultivate but never, with me, a dry spell sufficiently long to enable seed beds to be made.

So I am still waiting to sow anything outdoors. I have "quarantined" by sowing some things under cover that I would normally sow directly in the open but I have neither the space nor the time to do a great deal of this and so, for most things, I shall wait until weather and soil conditions improve.

I am not greatly worried because it has happened before and so I know from experience that plants have considerable ability to catch up. Rate of growth is largely determined by soil warmth and day length. Even when the weather is much

kinder than it has been this year the soil, except in the mildest parts of Britain, is too cold for most plants to do more than grow very slowly until spring is well advanced and lacks up. With every week that passes the rate of growth accelerates and often late sowings will overtake earlier ones that have been checked by cold.

There are other ways of helping late seedlings to make up time. One being to cover them with cloches, another to eliminate weed competition. Cloches can also help to dry out the soil and so make sowing possible. There are many different kinds, glass, rigid plastic and polythene film. Lately I have tended to use mainly polythene tunnels because they are cheap, easy to make and there are no breakages. The polythene seldom lasts more than two years but is cheap to replace. One danger with cloches of any kind is that plants beneath them may become too dry and so suffer yet another check from an entirely different shortage.

Usually one must water after a week or so because I rarely find that sufficient water soaks in from the sides as the cloche experts so optimistically assure one it will do.

So don't worry if most of the seed packets are still unopened but do be ready to sow directly in conditions are right and be sure to have everything at hand to assist in getting things right and in helping plants to make the quickest possible start.

Do not fall into the trap of thinking that extra manure or fertiliser will give seedlings the boost they need. There is an optimum for everything, the instructions on the fertiliser bag are usually realistic and to exceed recommended rates of application is to risk further retarding growth, not accelerating it.

I hesitate to give any general instructions since manures and fertilisers vary so much in strength but for stable manure, which is the bulky organic most likely to be available, a rate of 100 lbs to 6-8 square yards is right. For a moderately concentrated fertiliser such as Growmore (analysis 7 per cent nitrogen, 7 per cent phosphoric acid, 7 per cent potash) 4 ozs per square yard is the maximum safe application.

Peat contains little or no available plant food and is use-



PROPERTY

Americans rush to
beat sliding dollar

BY JUNE FIELD

OVERSEAS INTEREST in prime London property has long been evident. Americans, particularly, are in the mood to snap up quality places in the capital before the pound gets stronger.

Some estate agents have had mixed feelings about the seriousness of transatlantic seekers after London bricks-and-mortar. "Some are really only window-shopping. But well-presented properties are now being given a second look. Prime residential property in London costs between £150 and £250 per square foot. A four-bedroom house in New York could top £1.5m (at, say, \$1.25 to the £). Something comparable in London could be about the \$800,000 mark.

An American bank bought a house in Kensington Gate recently for one of its top executives. The asking price was \$585,000, through Sturgis and Sons' Park Lane office. An American company chairman paid a record £139,500 for a one-bedroom flat in St James's. Strong American interest has been an advantage at the new firm of Hilary Potter and Partners, 55 Park Lane, set up as a furnished letting business six months ago. It was hard going at first. "Now, with the trend for American families to come for a short stay either as tourists or to search for property, the business is well under way."

Apartments designed by David Hicks, at 10 Hyde Park Square, W2, were marketed in dollars from the start. The development is now complete. Prices currently quoted by Chestertons' Connaught Street office, are \$510,000 (£445,000), to \$790,000 (£690,000). (Currency fluctuations have to be allowed for.)

The service charge for a three-bedroom apartment, \$5,500 a year (\$6,300), is 25 per cent of the amount payable on similar properties in North America.

Two of Chestertons' chartered surveyor partners are off in May on a two-week selling trip to the United States, a 10,000 mile tour taking in New York, Boston, Greenwich, Dallas and Florida.

"We feel that we have to serve our clients' best interests by exposing their properties in this new and on-going market place."

Current American clients

have indicated that they will be happy to provide introductions to interested friends and business associates. Hard-sell will follow evening seminars on the history of the large central London estates—titled London landlords provoke interest—and the difference between freehold and leasehold. (In some American states leaseholds are forbidden.)

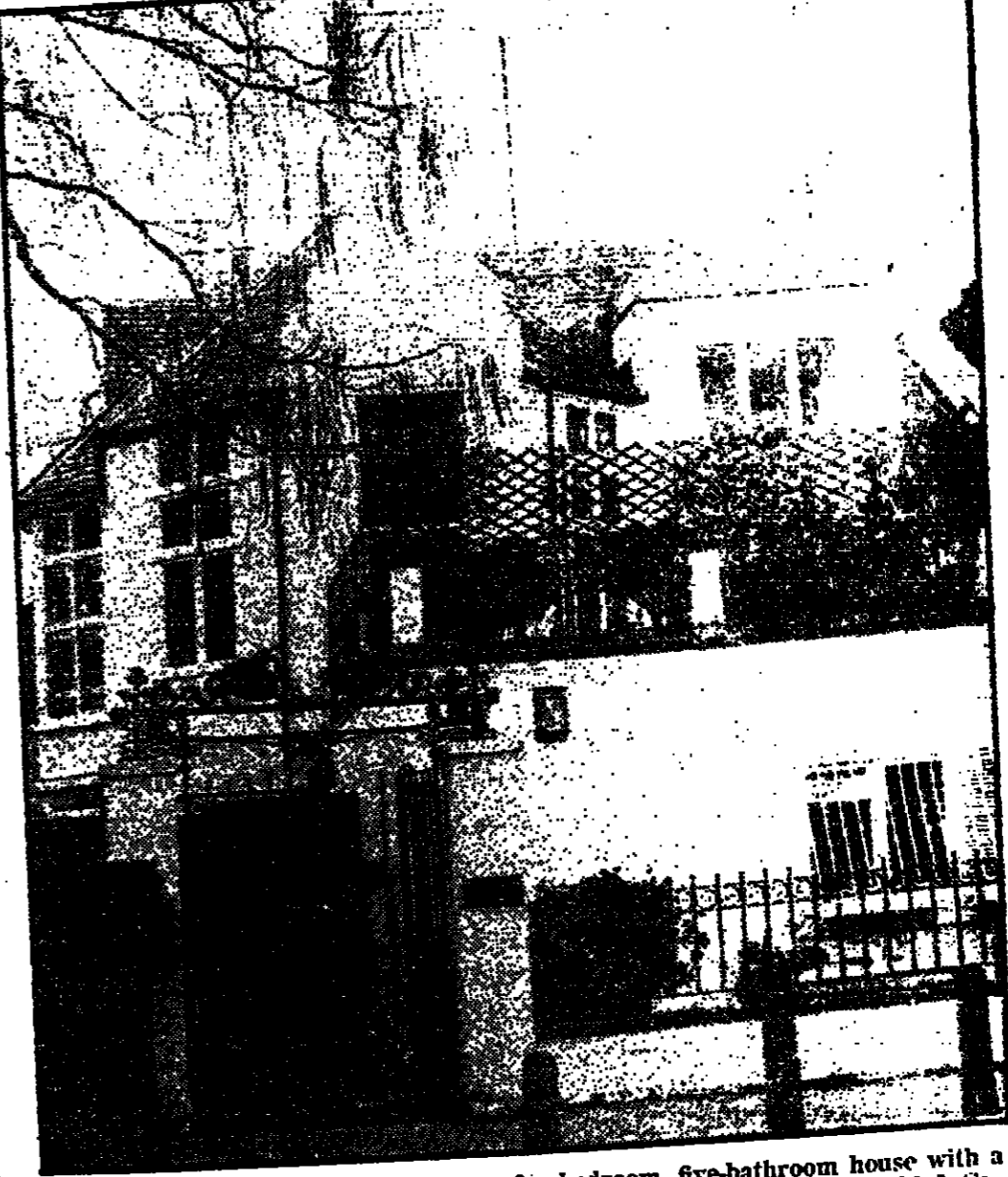
Chesterfield will carry classy properties in the portfolio—of the calibre of, say, 23 Charles Street, a renovated eight-bedroom, six bathroom Regency house plus mews cottage in Mayfair, which sold last week to an American for close to the £850,000 asking price. The property had received the full treatment from marble entrance hall with classic Greek-style embellishments, to the lower regions with 100-year-old stripped pine floor; and a trompe l'oeil of trellised garden around the Jacuzzi room.

Other sales to Americans over the last few months include a family house in Mallory Street, SW1 and one in St James's Gardens, W11, both in the £350,000 bracket, freehold. A 24-year lease on a maisonette at 45 Eaton Place, SW1, fetched £510,000 before it went on the market.

A new company, People and Property Executive Relocation, is also aiming principally for the American market. Based at 18 Coulson Street, SW2 (01-225 1313), the chairman is Karl van Horn, who is also managing director of American Express Asset Management. He says he found the right one to call home, in Lowndes Square. His search convinced him there was a place in the market for a specialist search service.

Because it will be paid by the client, not the agent, People and Property expect to have ready access to most of the best properties on the market. Multilisting two estate agents in the UK is not always effective. "Firms are reluctant to share their commission if they have a marketable property which they believe they can sell or let themselves within a reasonable time-span."

The company will search out a suitable property, advise the education (pin-pointing the International and American Schools), organise domestic help and membership of social clubs, and undertake documen-



The Priory, Seymour Walk, Chelsea: a five-bedroom, five-bathroom house with a staff flat and swimming pool, for sale at about £1.5m through Chesterfield & Co., 166 Walton Street, SW3. (01-581 5234)

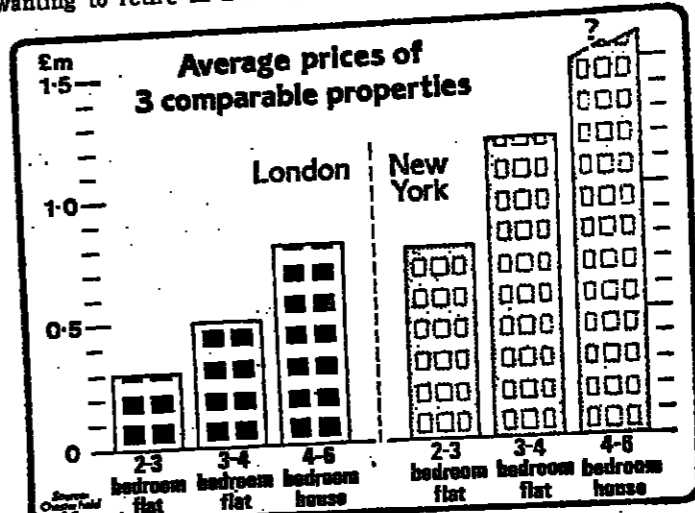
And an American from Virginia, coming over next month to look at good country houses, wanting to retire in Britain, is at good country houses.

tation for quarantining a dog:

Individual purchasers will be charged 1 per cent of the price paid for a property; £1,250 is the minimum. There is also an initial commitment fee of £500. On company purchases and sales (an employee's house might be bought-in to provide cash for the move), fees depend on the amount of work involved.

South-west England is also attracting American dollars. Fox and Sons' Exeter office reports a sudden surge of interest in "the well-maintained, historic country house."

The firm has just sold Chadstone, a five-bedroom house near the coast at Seton, in East Devon. It cost a family from Florida in the region of £150,000. Formal gardens, tennis court and beautiful view were considerable plus-points.



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MOTORING

Stuart Marshall tries to find the right way home
A new Hertz service tries harder

The main town, Pigathi, where most of the accommodation is to be had, is something of a let-down, consisting mainly of buildings in a style probably best described as Modern Mediterranean Mediocrity, but

If you are venturing to the Greek islands for the first time then I would urge an early summer visit rather than a late one. High summer is not only crowded but can be extremely

There is a wide availability of cheap charter flights to Greece and the islands. Your travel agent will be able to supply a range of brochures from flight only operators so there is no need to go to a bucket shop. Demand for such flights is likely to be heavy this year so book well ahead.

If you prefer to be a D-I-navigator, Link 51 Plastics has come up with a good idea. Ma File is a route planning system of loose-leaf detailed maps of England, Scotland and Wales. Used with a clipboard fitted with a light powered by the cigarette lighter, it has a transparent cover on which the route may be marked by a water soluble pen. It costs under £20 details from Link 51 at Telford Shropshire, tel. 0925 556811.

I thought it much more refined than a Metro, but the same cannot be said of the ride comfort. Compared with the Metro, the Suzuki's leaf-sprung beam back axle is primitive.

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BOOKS

Journeying through Never-never-land

BY RACHEL BILLINGTON

Secret Gardens

by Humphrey Carpenter. George Allen & Unwin. £12.95, 236 pages

Humphrey Carpenter gives us here a survey of the best of children's literature in the years 1880 to 1930—"The Golden Age" as he calls it. This is a formidable body of work to organise into a medium-sized book. A comparison with adult literature of the same period (sadly, though perhaps wisely, not attempted by Mr Carpenter) would take us from the Brontës to Evelyn Waugh. Mr Carpenter approaches his subject confidently with the editorship of *The Oxford Companion to Children's Literature* under his belt and earlier works on Tolkien and C. S. Lewis.

The theme expressed in the title, *Secret Gardens* holds the book together. In a thoughtful introductory chapter, Carpenter traces the different strands in the development of children's writing. There were the moral tales stemming from Aesop and *Pilgrim's Progress* which were kept distinct from the stories for entertainment. There was the sentimental cult of writing christened by Mr Carpenter the "Bewitched Child" of which *Little Lord Fauntleroy* was the supreme example. This shows the first crack in Carpenter's paving-stones since it was written by the same Frances Hodgson Burnett who created *The Secret Garden*. As direct precursor to "The Golden Age" came Lewis with his *Nonsense Verse* and geographical inventiveness.

There were the realistic and sometimes Empire-building stories of G. A. Henty, Kipling and R. L. Stevenson, matched by the girls' stories such as those by Angela Brazil. Finally we

reach Carpenter's chosen world "introspective," "fantastic" and strikingly often about religion. It desisted the existence of Arcadian societies, remote from the nature and concerns of the everyday world; [Mr Carpenter writes] yet in doing this it was commenting, often satirically and critically, on real life.

The names that hit this jackpot are Charles Kingsley, Lewis Carroll, George MacDonald, Kenneth Grahame, Beatrix Potter, E. Nesbit, J. M. Barrie and A. A. Milne. Carpenter adds to this list, for reasons apparently of contrast, Louisa May Alcott and also Frances Hodgson Burnett, although she is not allowed a chapter to herself. As is always the case with an author who has firm views, the challenge to dissent is strong. Laying the grounds for his belief that all shared a strong sense of religious "doubt," Carpenter points out that Kingsley, Carroll and MacDonald were all clergymen. It would seem a more logical deduction that religious conviction was a common denominator. That would, of course, separate them from their fellow "Golden Age" authors.

In the final chapter of the book, Carpenter takes some trouble to explain why the fantasy worlds created by writers for children after the 1890s do not qualify as utopias. The difference, he argues, lies in the fact that the characters in Barrie or Carroll or MacDonald are children for all time, whereas readers of *The Hobbit*, the *Narnia* stories or *The Borrowers* are being schooled towards adulthood. There is no escape into a Garden of Eden of eternal youth. Yet Barrie tackles this prob-

lem very clearly in *Peter Pan* when he introduces the passing of time with its tragic consequences in the play's closing scenes. The fearsome world of Beatrix Potter with her sinister, "sandy" wicked gentleman and cannibalistic rats could hardly be anyone's idea of paradise.

These points are arguable and perhaps Mr Carpenter's book is best read for its juxtapositioning of information about some extraordinary Victorian characters. It is fascinating, for example, that not only were Charles Dodgson, Kingsley and MacDonald clergymen but all three started working on their most famous works during the summer of 1862. Moreover they all had scientific or mathematical interests. Louisa May Alcott, Frances Hodgson Burnett and E. Nesbit are linked on the other hand, by Mr Carpenter finding in them no proper view of the world. Noticeably, they are not only all women, but also they are professional writers in the sense they wrote to earn their livings.

Mr Carpenter has no use for books without a proper moral standpoint. R. L. Stevenson is given the thumbs down on the first page for this reason, although allowed to be supremely popular with children. Yet Mr Dahl creates the same kind of paradoxical and threatening world which Alice discovered: where a Queen commands indiscriminately off with her head and a Duchess throws pepper at a baby who turns into a pig. Fairy Tales are also accused of providing no consistent moral values. Why should poor Little Red Riding Hood get eaten by the wolf just because she lingered to pick flowers in the wood? What greater lesson need a young child learn? Beauty is so good that her Beast



"Come on" cried the Gryphon, and, taking Alice by the hand, it hurried off, without waiting for the end of the song. An Edwardian view of Wonderland by Millicent Sowerby in 1907

turns into a Prince. Cinderella works hard while her sisters play, so she gets her Prince too. An enjoyable chapter of the book deals with *Winnie-the-Pooh*. Mr Carpenter notes that all the animals have childish characteristics except the motherly Kanga.

Before he knew where he was Piglet was in the bath and Kanga was scrubbing him firmly with a large lathery flannel.

"Ow!" cried Piglet. "Let me out! I'm Piglet!" "Don't open your mouth, dear, or the soap goes in," said Kanga. "There! What did I tell you?"

By the end of the book and after Mr Carpenter has speedily dismissed Doctor Doolittle and *Mary Poppins* for "plodding predictability," one is left with the distinct feeling that

children's literature is best left unclassified. In part Mr Carpenter produces his "Secret Gardens" theory as an antidote to the commonly held view that Kingsley, Dodgson et al were sorting out their Victorian complexes.

Nevertheless he cannot resist noting Kingsley's obsession with water, symbol of purification, or the sexual significance of Alice falling down a black hole. He is then struck by the reverse process in which Mole forces himself upwards through a black hole.

Mr Carpenter is an enthusiast whose book is as filled with entertaining ideas and information as any fan of children's books could wish. To disagree with his conclusions may even be a backhanded compliment.

Soldiers of the Empire

BY GEORGE MALCOLM THOMSON

The Ashanti King. Sir Garnet Wolseley's Campaigns 1870-1882, by Leigh Maxwell, Leo Cooper/Secker and Warburg. £12.95, 245 pages

It takes all kinds to make an empire. Statesmen, soldiers, the occasional scallywag, traders in search of profit, younger sons in search of adventure, a sprinkling of Scots and Anglo-Irish, men like Garnet Wolseley. His main motive in life is not for a moment in doubt for he went to the trouble of compressing it into one pithy sentence: "All other pleasures pale before the intense, the maddening delight of leading men into the midst of an enemy or to the assault of some well-defended place."

Not a philosophy likely to win him approval in the War Office of his time, still less that of the Foreign Office, but it became the creed of the group of officers known, for sufficient reason, as "the Ashanti King." There were six of them and they constituted that military phenomenon much frowned on by those outside it—a clique. Perhaps mercifully, there have been few specimens of it in the British service, although Nelson's band of brothers may be counted as one. The Ring was composed of officers who had won the approval of Wolseley

in one of the little wars he had fought, mostly in Africa. They admired him and listened when he talked seriously about the art of war, which he often did, for he was a prophet as well as a highly methodical officer.

Leigh Maxwell's account of some almost forgotten wars—against the Ashanti (under King Kofi), the Zulus (under Cetewayo), the Boers and finally, Egyptian rebels led by Arabi Pasha, is dominated by portraits of these highly intelligent and highly unconventional officers—picked by Wolseley. For example, there was Redvers Buller who cantered into battle against the Zulus wearing a broad-brimmed hat and a coloured open-necked shirt. With his reins in his teeth, a revolver in one hand and a knobkerrie in the other, he convinced the Zulus that he was the incarnation of an evil spirit. This fearsome soldier commanded the Frontier Light Horse, an undisciplined irregular unit, sharing their hardships as, later, in another war, he gave seven-course dinners with champagne as the army marched up the Nile.

On the whole, the Ashanti Ring was successful; most of them became generals; two were Field Marshals. Sir George Colley was an exception; clever and popular, he seems to have lacked the hardness of

character which the commander should have; in consequence, his troops were disastrously beaten by the Boers at Amajuba. Even more catastrophic was the slaughter of Lord Chelmsford's troops by the Zulus at Isandhlwana.

The Ashanti war of 1873 is where The Ring was first shown in action. It was a well-planned little campaign which Leigh Maxwell describes with zest and humour. At one stage the army's advance was so unexpectedly fast that an Ashanti chief, busily cutting his concubine's throat, had to leave the job half done and flee into the bush.

The question of equipment suitable for fighting in West Africa raised problems. Before leaving for the Gold Coast, the officer asked an expert what he should take. He was told, "All you will need is one coffin." But thanks to Wolseley's careful planning, incidence of sickness was light. "I do not mind how many I lose in action, for soldiers are made to die there," said Wolseley. But he hated to lose them through sickness.

Leigh Maxwell has made out of these dusty old campaigns a most lively story with plenty of action and a sufficient supply of comic relief. A pity, though, the book does not have better maps.



Brian Aldiss whose completed SF trilogy is reviewed below

Who arrived first in America?

BY RICHARD ADAMS

The Ambiguous Iroquois Empire by Francis Jennings. Norton. £19.95, 438 pages

I recall a young man—a friend—telling me once that

he was always ready to see a film; any film, simply because the whole business of making films fascinated him so greatly. I confess to having always felt like this about history—right back to "Our Island Story" in the nursery. "Oh, look! There's

a respectable-looking work of history on display over there. We must go and have a glance at it." Even if it doesn't pertain to any period about which I happen to know anything, the fascination still holds. Oh, you twisted my arm!

History, it has been remarked, is more than a matter of recording that one savage tribe succeeded another on the banks of the Ozus; to which I reply that it all depends where you're looking from. If you happened for some reason to be interested in the history of medieval Turkistan, such a succession might well loom large and be of importance. As Juvenal says, "quidquid agunt homines... nostri ferrago libelli est." ("everything mankind does is the hotchpotch of my little book.")

All this has more to do than might be supposed with the book under review, which is not only about tribes in a far land—but must, by its very nature, hold more interest for Americans than for people in this country. Even Americans, however, are for the most part likely to find it a rather laborious read, since it comprises the results of 20-years of detailed, original research into a remote, hazy and little-trodden area—namely, the so-called Covenant Chain confederation of Red Indian tribes with the English colonists in North America, from its beginnings in the 17th century until something called the Lancaster Treaty of 1764. It is essentially a "debunking" book, and what it is purporting to debunk is something which to us over here is as esoteric as itself: an alleged fallacy, which

the author stigmatises as the "myth" (by which he means, of course, the untruth), that before the end of the 17th century the Iroquois had conquered "a savage empire" of other tribal Indians in the regions of the Ohio Valley, the Great Lakes area and Pennsylvania; and that since the Iroquois were held to be dependants of the European province of New York (founded circa 1610), it followed that by "law" that "empire" belonged to Great Britain.

Briefly, Mr Jennings' argument is that there never was an empire. What existed in actuality was a complex alliance of tribes and colonies (the Covenant Chain), organised and maintained by a continual process of negotiation and treaties. Since the book is a 400-page work of over 400 pages, plus three appendices and no fewer than 15 maps, it is plainly not possible even to summarise it here. What should be stressed, however, is Mr Jennings' standpoint, which is strongly pro-Indian. To that extent the book a little resembles Runciman's *History of the Crusades*, which he saw as the invasion of the civilised, medieval East by the barbarian West. Mr Jennings doesn't care for the misconception of "Indians"; and though of us is going to argue with that? Nor does he care for the notion of American society as the transplantation of European culture to a virgin land. In his eyes it was the real Americans who were invaded; and furthermore, the Europeans did not enter upon a wilderness; they created one. The so-called settlement of America was in

fact a resettlement of a land laid waste by the diseases and depredations which the Europeans brought with them. And all this, it seems to me, is fair comment.

However, there is a lot more to this book than mere emotional partisanship. It is both erudite and scholarly. To quote some of the sectional titles will be sufficiently indicative. "Tribe and competition—French policies—Iroquois initiatives and French repulses—the founding of Montreal—the Iroquois 'melting pot'—Susquehanna intervention—Indian collaboration with Europeans," etc. Close-knit stuff.

In all this—excellently written, arranged and set out, with good maps and a good index—what is there likely to be of great interest to an English reader? Not much, I suppose, though Mr Jennings is extremely interesting, in fact, on the relevance of European relations with the Indians during the first half of the 18th Century to the build-up of British colonial strength during the decade preceding the Seven Years' War. I'm afraid I must advise that he demonstrates rather more time and attention than most of us are likely to want to devote to so abstruse a subject. All the same—and even though I'm not qualified to judge of its accuracy and veracity—I consider that this book deserves congratulation and praise. I enjoyed it; but then, that was predictable. "There's an honest man writing history: let's go and see what he's up to!" But you're simply not competent to—"Never mind! Come on!"

Poet at large

BY ANTHONY CURTIS

Siegfried Sassoon:

Diaries 1923-1925

edited and introduced by Rupert Hart-Davis. Faber & Faber. £12.95, 330 pages

Many authors, poets especially, tied to jobs or commitments to publishers that eat into time they wish to devote to their "real work" might have cause to envy the financial security and leisureed existence of Siegfried Sassoon during the years covered by this latest volume of his *Diaries*, 1923-1925, edited with his customary, succinct skill by Rupert Hart-Davis.

Long since out of the army, Sassoon is leading the life of a literary man in London from a library man in London where he has his own rooms in the house of W. J. Turner and his wife. Yet, in spite of his wide circle of friends, many eminent and or rich, his riding his piano which he plays frequently, and his poetry which he continues to write, Sassoon's life is not really enviable. He emerges as desperately lonely and unfilled, almost outside life altogether, as he drives his little car around the countryside on his way to stay with friends like Frankie Schuster at Bray or

Ottoline Morell at Garsington. Here is a fairly typical day:

I spent the morning having a Turkish bath in Jeremy Street. And after lunch I went to the Royal Academy to be amused and amazed by his hordes of typical old ladies all solemnly marking their catalogues. These people purchase poets after they (the poets) have died and are safe in padded bindings.

Sassoon was so uncertain of his own poetry written at this time that he published it in book form anonymously, circulating copies privately to Hardy, E. M. Forster and other literary friends. The editor of the *New Statesman*, Clifford Sharp, could not believe it when Sassoon told him he did not want the book reviewed; and in fact it was, glowingly, by Desmond MacCarthy. But Sassoon's most consistent writing at this period were these *Diaries* which in their quiet way are extraordinarily interesting, even though he edited out his private life before handing them over to Sir Rupert. He wrote up most days of the year quite extensively, and one wonders how many volumes the whole work will comprise.

Already there are some finely depicted pen-portraits of Arnold



Sassoon when staying with Ottoline Morell at Garsington in 1924

Bennett Wells, Bridges with whom he goes to stay, and other formidable literati of between the wars. But the fascination of the *Diaries* is deeper than that of frozen gossip (enjoyable as that can be); it comes in the end from observing a highly gifted man trying to be honest about himself and to find something worthwhile to do with his life.

Fiction

Sights on a faraway world

BY MARTIN SEYMOUR-SMITH

Helliconia Winter by Brian Aldiss. Cape. £8.95, 285 pages

The Heroic Age by Stratis Havarías. Methuen. £8.95, 352 pages

The Italian Lesson by Janice Elliott. Hodder & Stoughton. £8.95, 174 pages

Survivor by Tom Gallacher. Hamish Hamilton. £8.95, 195 pages

Helliconia Winter sees the end of a trilogy upon which the prolific and gifted Brian Aldiss has been at work for over seven years. The first two parts, *Helliconia Spring* and *Helliconia Summer*, are now available in paperback from Triad at £1.95 and £2.50 respectively. Aldiss not only knows more about Science Fiction (better called, really, Speculative Fiction) than anyone else living, but is also—at least for my money—the only truly gifted and distinct from merely ingenious—exponent of it still writing.

It is a form which in modern times has suffered more than any other from sheer bad writing and infantism: most supposed examples of it are in fact simply inferior thrillers or romances or sick "horror" stories set in space or in the future. Very few of these books explain themselves or bother to do so.

This work reflects a whole philosophy of life, generated from Aldiss in the first place by his gloom—shared by many—about the prospects for humanity. It would be a pity, as well as unjust, if it were not taken seriously. He has created a world on a daringly grand scale, and then described it in a prose which comes near to justifying his vision. The vision is not perhaps so unusual; the capacity to make it coherent and to describe it so much more than adequately, is. This is Science Fiction as literature—something that does not happen too often, and which has not happened on this scale since the still neglected novels of Olaf Stapledon. There is an enormous amount of imaginative detail in this massive work, much of it a slyly humorous sort. There is also much good sense and an intense humanitarianism.

Here is a feast of a book, the best from an author who has never really quite had his critical due. It is testimony to Aldiss's prodigious energy and courage to tackle subjects no one else will touch. The scientific background impeccable, and the speculation about the nature

of Time (inspired by the redoubtable J. T. Taylor) deeply intelligent. Altogether a noble work.

Stratis Havarías is a Greek who has settled in America and now writes in English. This is his second novel, the first having been well received, *When the Tree Sings*. He has also written four volumes of poetry in Greek and one very good one in English. *The Heroic Age* is set in the divided Greece of the 1940s, and owes its historical bitterness to no vested interests. It is a novel of childhood: Panagis tells his own story, of how he and his group of orphaned children scavenged the countryside for food (and life) while a savage civil war was being waged—and how captured by the victorious royalists, they were "repatriated" by being made to do cheap labour.

It is a humorous and vital tale, treating of appalling circumstances with energetic courage and joie de vivre. It is one of those novels that tell one more about their times than a thousand documentaries. Havarías' eye for nature and his sense of early adolescent psychology, are both remarkable. This is a poet's novel, and all the better for it.

Janice Elliott's new novel *The Italian Lesson* is a satire on cultural pretensions which just lacks sufficient edge: the writing itself seems too uneasily and too often to pay homage to exactly what is being satirised. A polytechnic lecturer and his wife

visit an exclusive Castello in the Tuscan hills, she to get over a recent stillbirth and he to pursue his lifelong interest in E. M. Forster's years in Italy. The book, told in the continuous present, is well observed; but it is curiously low key and simply is not as funny as it is evidently intended to be.

The Farmers' expectations of Italy are certainly rudely shattered; but these expectations are so stupid and so stereotyped that they fail to be interesting. *The Italian Lesson* is worthy and honest, but banal: its characters are without exception boring people.

Tom Gallacher has already written two books about Bill Thompson, who began as an apprentice in a Clydeside shipyard (*Apprentice*) and then went to sea (*Journeymen*). He showed a fine ear for dialogue and a welcome caniness. *Survivor* is even more substantial. Bill Thompson is now chief engineer on a tanker which explodes in the Baltic with casualties. It looks as though his negligence caused the disaster: he has to find out for himself why the ship did sink. By the end of this trilogy he has gone to London, and with the help of the landlady who had looked after him when he was a mere apprentice, he is covered who he is and what he wants to do. This is satisfying, honest, well written work—hope that those who haven't read the two accounts of Bill Thompson's earlier years will now feel prompted to do so.

Crimes

BY WILLIAM WEAVER

Squares of the Enemy by Pauline King. Collins, £7.50, 200 pages

This first novel eminently fulfils one important requirement of the crime novel: the creation of a convincing world, a place where crime (or crimes) can be convincingly committed and detected. Here we have the literally cloistered world of a fashionable, ancient Roman Catholic boys' school, complete with arcane terminology, eccentric characters, devout and exotic functions. Thanks to the author's skill, the reader can almost smell the incense and savour the Guest Master's maderia. The people who inhabit this world are equally real, agreeable or detestable. Not every reader will be willing to accept the long moral discussion that follows the discovery of the guilty party (judicious skipping is advised for the impatient or the irreligious);

but this is not a high price to pay for an otherwise excellent constructed story.

Patterns in the Dust by Leslie Grant-Adamson. Faber and Faber. £8.95, 181 pages

Don't read this in order to find out who done it: the identity of the murderer becomes fairly clear even to the naive reader before he has got to the end of the book. But read it for the charm of the protagonist (a Fleet Street gossip-columnist on a holiday in a borrowed cottage). And read it also—if you are a lover of tradition—for the freshness with which this debutante novelist uses all the dear old ingredients of the genre: village, pub and squire and retired general. The body is not found in the library, but the ruined castle serves as a most effective backdrop. Leslie Grant-Adamson is off to a good start.



National Westminster Bank PLC

NatWest announces that with effect from Friday, 19th April, 1985, its Base Rate is decreased from 13.00% to 12.50% per annum.

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HOW TO SPEND IT

by Lucia van der Post



OLD: From the second-hand department—30-year-old cream flannels (£35), worn with a cream silk shirt (£24), and a cream and red striped wool

I say chaps! Keep it trad

I FIRST came across Hackett when my son started giving my husband and other male relatives some rather superior presents—a fine antique pen, a good quality second-hand dress shirt (to a young cousin about to go up to university), a lovely silk tie—all this seemed to me to need investigation.

It's not the sort of place you come upon by accident. In a long, low white building at 65b New Kings Road, London SW6 it is hard to find but, as they say in Michelin, well worth the detour.

It was started nearly two years ago by Jeremy Hackett who was tired of looking for things he wanted and couldn't find. If I had to sum up the "look" it purveys I can't think of a better phrase than a mixture of city gent and country squire, the kind of traditional English look that's almost impossible to find in England any more unless you buy custom-made. So what Hackett set out to do was provide a made-to-measure look in ready-to-wear and at ready-to-wear prices.

The shop has two sides to it—the second-hand side was where it all began, with a varying selection of what might be called gentlemen's appurtenances and accessories, wherever possible hand-made, with the emphasis on quality and tradition.

There is usually a good

selection of everything from luggage (some wonderful sports and weekend bags) to pens, lighters and watches. On the clothing front there are silk ties and cravats, suits, jackets, dressing-gowns, evening wear, shirts.

The formal evening wear is particularly sought-after for the price of two hirings you could buy a complete outfit from Hackett. A dinner jacket costs £39, cotton pique

dress shirt, £14. Word has got out about the shoes, too—Hackett sells many seconds from the factories that make for Jermyn Street. They are roughly half the Jermyn Street price but have only small, almost undetectable creases or flaws.

Soon, however, Hackett began to develop its own range of clothes that it felt nobody else was making—things like quality cords

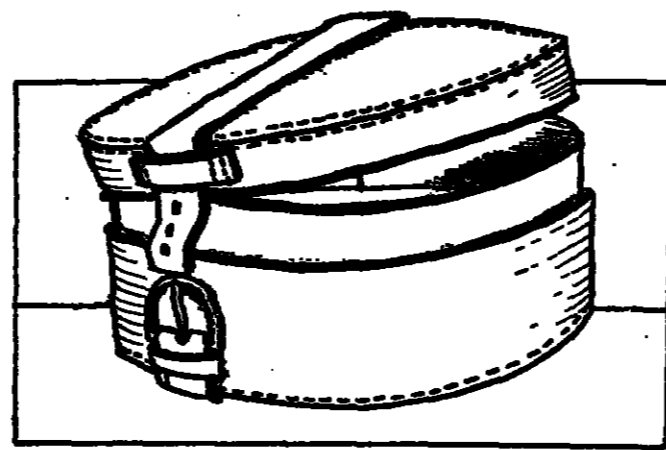
with proper cotton pockets and linings (even at the quality end of the market nylon is usually used). Hackett's cords are slightly higher-waisted for greater comfort and the legs are extra long so customers, no matter how tall, can have turn-ups.

Well-cut jackets, they felt, were almost impossible to find—even the most up-market, most British-seeming stores, they say, cut the jackets too slimly, and make them too fitted. Custom-made jackets have four buttons that really work—so do Hackett's jackets.

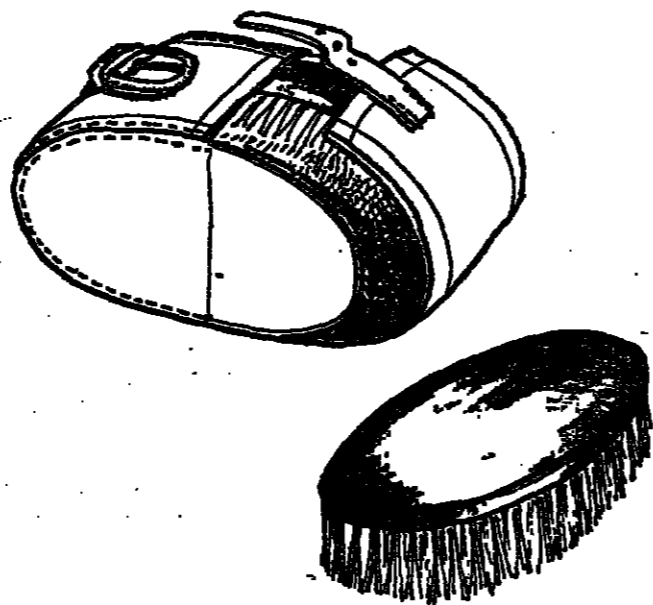
The shop does its own range of mole-skin trousers (a traditional heavyweight, hard-wearing, country fabric) which it has dyed navy-blue, straw and white and uses to make a military-cut trouser.

Sweaters are hand-framed cable Shetland or classic lambswool. There is a basic range of new shoes—brogues (leather and suede) and a buckskin chukka boot.

If you have any American visitors over this summer, in search of the quintessential English look, this is the place to send them. When I was last in there a clutch of voracious shoppers from American Vogue was buying up much of the shop and since then a team from the New York Times has homed in on it to give it the big colour supplement treatment. I should hurry while stocks last.



From the second-hand side—a 30-year-old leather collar box, so beautiful that even those who don't wear collars could find a use for it. New versions cost about £30, this one is £18 (p+p £1.50).



Second-hand hairbrush box, about 30 years old and filled with brushes with real bristle and ebony backs. This is the kind of box that would have been used for travelling. £24 (p+p £1.50).



A gentleman's sports bag made from pigskin and canvas. About 10 years old it has a zip-up washbag attached to the inside and is just one of a selection of grips, holdalls and weekend bags on sale. £45.



NEW: There is a large selection of suits in a variety of cloths, sizes and subdued colours but Hackett is especially pleased with its lightweight suits in dark colours, as they feel it is normally almost impossible to find a summer suit that looks good in the city. Double-breasted in wool worsted pick and pick cloth it comes ready-to-wear but alterations are done. £225. Heavy silk tie £12.

Drawings by Julia Findley



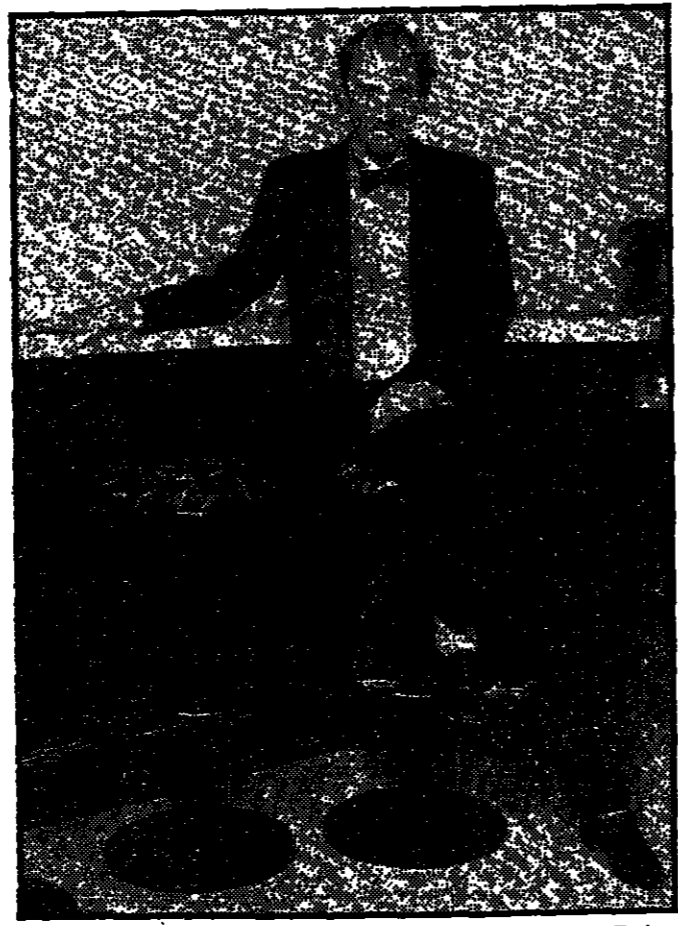
One man and his wardrobe

ANYBODY who knows Robin Wight, chairman of Wight Collins Rutherford Scott, one of the more high-profiled young advertising agencies, knows about his bow ties. He has around 100 of them and never wears any other sort of tie. "If you are as long and thin as I am," he says, "an ordinary tie makes you look much more of a bean-pole. I think a bow-tie is a judicious mixture of modesty and exhibitionism and you get less gravity on it."

"I buy only Dunford Wood bow ties and I get them all from Blades of Savile Row. They are all made from hand-printed silk and come in lovely colours. I only wear ties I like myself. A lovely man at Turnbull and Asser took the trouble to show me how to do it."

selection of fabrics they actually fit. If you're tall, as I am, the terrible thing is that shirts are always coming away and revealing bits of flesh. I've been caught so many times buying pretty shirts that don't have long enough tails so now I stick to Turnbull and Asser. They may seem expensive but it's actually quite practical—for instance, they'll put a new collar and cuff on an old shirt when they're worn through.

"When it comes to suits, in my job I don't want a straightforward business suit. I like them well cut and well made but with a touch of imagination about them. I often go to Harvey Nichols' mens department. I don't know who does the buying but he has marvellous taste."



Pictures by Roger Taylor

fit properly but Cerruti and Armani seem to fit me extremely well. "The one I'm wearing today (see photograph above left) comes from Blades of Savile Row. Laurence Wilcox designed it and he knows how to get it just right. It looks like a straightforward suit but when you look more closely at the cloth you become aware of almost a trompe l'oeil effect—the charcoal wool cloth has a satiny stripe with fine stitching still left in it. It is beautifully cut and made but it has some imagination in the fabric."

"I've also got a black Claude Montana sweater I wear a lot and another favourite thing, a Christmas present from my wife, is a Missoni cardigan which I can wear as a jacket out of doors or to dinner when worn with a bow-tie. "I have very little time to shop so I go to the few places where I know I can get what I want. But I don't have much dress sense myself—basically if ever I look decently turned out it's really due to my wife."

Find your style

ONCE UPON a time decisions about how a man dressed were strictly between him and his tailor. But neither men nor tailors are quite what they were. The bespoke suit is a dying species and plenty of men who have never set foot inside a Savile Row establishment mind considerably how they dress.

So where does the man who needs help go for advice? Some, like Robin Wight, having found their personal style, go back again and again to the same shops, where assistants get to know them and their tastes. But for those who have yet to find their personal style, perhaps an objective eye on their wardrobe is what's needed.

Last week I mentioned two young women who specialise in helping other women get their wardrobes together—one of them, Ceril Campbell, who dresses men and women professionally for television and films, is also prepared to sort out men's wardrobes.

Most Englishmen, she thinks, are not very good at putting things together. For instance, if they can't afford expensive suits, much can be done by wearing good accessories—belts and shoes that match, the right tie. Very often these don't need to be expensive—particularly nowadays when so many of the new chains, like Next, are offering for men what has long been available for women, co-ordinating colours and complete outfits.

As for most men's weekend wear—here she finds they so often get it wrong. He might wear a blazer with jeans with a firm crease down the front and the same striped workshirt left-over from the week and his city shoes. A Frenchman would put the blazer with some relaxed jeans, like Levis, would wear a Lacoste sports shirt, some marvellous coloured socks and carefully chosen casual shoes and look a whole lot better.

She believes accessories are as important for men as for a woman and will advise on how to choose a wardrobe to enable you to travel lightly but well, how to make your clothes work harder for you and how to smarten up the clothes you already have.

If you are interested in the service contact Ceril Campbell by telephoning 01-731 5989.

Trail blazers



AS MEN have become increasingly interested in their clothes, so the department stores with the wit to sense a trend, have livened up their menswear departments. House of Fraser stores first developed a range of leisure wear which took off so well that it had the bright, if somewhat predictable, idea of getting Hardy Amies to design a collection of menswear specially for its stores.

Hardy Amies, as almost everybody knows, is what might be called the doyen of the menswear business. Effortlessly confident, not to say dogmatic, about what the British man should wear, he has decreed that the current looks should reflect "a return to the classic British style."

Of his first collection for House of Fraser he said: "This is a BIG (sic) collection. It is designed to make men look BIG once more and it will be good for BIG business." He is the classic exponent of the theory that a suit, to do its job properly, should establish status and those who think likewise should hurry along to House of Fraser stores and seek out his status-establishing suits.

For versatility, the Hardy Amies solution is photographed left. A pure wool navy blazer, £55, is worn with pure wool trousers (choose from navy, fawn, silver grey, fawn or navy check), £35 with a white blue or cream cotton shirt (£14.99) and a woven crepe tie, £14.99.

How many Japanese do you know with back-ache?

For centuries the Japanese have been sleeping on futons, which provide natural back support.

Futons are slim mattresses, filled with layers of pure, fleecy cotton. Not only are they wonderfully comfortable, they give the firm, even support needed for perfect rest. Futons can be used on any base, or on the floor. And during the day, they can be rolled up to make more space.

Futon Company futons are made in the traditional way in England. Why not give your back the support it deserves?

Singles from £57.50. Doubles from £87.50.

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THE ARTS

Spain's
champion
of song

BY RICHARD FAIRMAN

Few classes of music can deserve a champion so fully as Spanish song. For a long time now Victoria de los Angeles has included the songs of her native country in her recitals, but at the Wigmore Hall on Thursday she devoted the whole evening to them. Perhaps, like Schwarzkopf with the songs of Wolf before her, she intends to promote their cause as she plays out the twilight period of her career.

This can be a fruitful, if difficult, time for a recitalist. As much as 10 years ago I can recall de los Angeles sounding strained and anxious in German and French programmes, but this special repertoire is more securely her own. Her main problem, apart from threadbare tone at the top, comes with sustained notes which refuse to keep going or stay in tune. As long as the voice is one the move, all is well.

At its best, the sound is recognizably de los Angeles of old: it has that brightness and knife-sharp edge, now slicing the air with undue acerbity, which is reminiscent of Bori or Conchita Badia, an older Spanish generation. And what an expressive instrument it still is, able to turn the eloquent vocal lines of Turina's "Saeta" and Joaquín Nin's "Asturiana" into singing of real spontaneity. The vocal difficulties rarely compromise her creativity.

In choosing songs like these, she is continually introducing to us a new repertoire. Of the little-known composers here none was more affecting than Eduardo Toldrà, whose songs worked the simplest of ideas with lovely invention; and none more fascinating than the two Halffter, Ernesto and his nephew, Cristóbal, with their spare and haunting songs to Portuguese texts. In the former, "Al que linda moca" (despite a pair of hoarse G flats) de los Angeles found a quite unforgettable sadness.

The more familiar songs provided less enjoyment. There are so many recordings of the soprano in these that it is impossible to avoid comparisons with her earlier performances. Rodrigo's "De los alamos veno, Madre" retained its playful spirit; but Falla's "Polo" from the Seven popular Spanish songs inevitably lacked the fire of her former self. Let alone the blaze of Conchita Supervia. Yet, at 62, she is still a beautiful and captivating artist. Much feeling and just enough voice keep the magic alive.

36th International
School at Dartington

The 36th annual Dartington International Summer School will be held from July 27 for one month. In addition to the usual workshops, lectures and master classes, the composer Harrison Birtwistle will be in residence throughout. The highlight of the School will be a "Tippett week" during which Sir Michael will take part in discussions and attend concerts of his work, culminating in a performance of his oratorio, *HTRA TAAA* of his oratorio, *The Vision of Saint Augustine*.

Solution to puzzle No 5,697

1. Augustus (11)
2. Perpetrator of battery (3)
3. River entering Spanish port (5)
4. Tropical island with grain (9)
5. A lot: it can change into (4)
6. Model is successful (5)
7. Love-sick, going back into food, for gold (7)
8. Apple caught with blade (4)
9. Seek for compliments (4)
10. Scottish or Italian pope (7)
11. Land for the artist? (5)
12. Lots of titles with two bars (9)
13. Arresting artist (9)
14. Unusual type of villain (5)
15. The French or Italian pope (3)
16. Tea, rare brew perhaps, from tap? (5-6)
17. Keep people employed, apart from the worst kind of comfort (4, 4)
18. Note on charts of vermiculture as a factor in reproduction (4-4)
19. Name of girl or hat? (5)
20. Union leader indeed has lots (7)
21. Terrified by awful pain, not quite nice (2, 5)
22. "Amo's" Latin for French (5, 4)
23. Bird that is no veteran (8)
24. Nimmo's trouble is belief that all's one (6)
25. Dish made with flower may be wheels (5, 4)
26. Dog for public relations kept by musician (8)
27. Amour distorted (see within) by a flower that can catch the cat's bell? (5-3)
28. Henry's qualification as a big swimmer (7)
29. A big swimmer (7)
30. Drawer of money cut short by one pound (6)
31. Non-Spanish-speaker makes smile depart (6)
32. Say yes to engineer in time (6)

SOLUTION AND WINNERS OF
PUZZLE No 5,692

Miss J. M. Prior, 24 Pearce Avenue, Parkstone, Poole, Dorset.
Mrs M. E. Harvey, 20 Headley Close, West Ewell, Epsom, Surrey.
Miss S. Jones, 2 Owen Mansions, Queen's Club Gardens, London W14.
Mr D. A. Yerrill, "Headland View," Carlebrook Road, Mawnan Smith, Falmouth, Cornwall.
Mr B. E. Weston, 28 High Street South, Steventon, Leighton Buzzard, Beds.

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3. River entering Spanish port (5)
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The new-look mosaic at Victoria Station designed by Tess Jaray

BR wants to be beautiful

SPRINGTIME has come to Victoria Station, and two national Aunt Sallies deserve a bouquet. In the south-east concourse, a remarkable terrazzo mosaic has emerged from a veil of grouting and grime. It is the fruit of British Rail's wish to improve our stations, and the imaginative vision of their Southern Region architects.

We have all heard that British architects are allergic to "mere" decoration, yet here is BR, urged by its architects, commissioning an artist to create a purely decorative work for £50,000, simply to bring beauty into rail travellers' lives.

Tess Jaray, a highly-regarded painter and print-maker, was asked to design a mosaic to cover 450 square metres as part of the major refurbishment now under way at Victoria. The mosaic is an abstract, geometric design of eight diamonds which become larger and more elongated until they suggest a slight curve — no mean feat, given that the brief was to use only right angles to simplify the tiling.

It has been a tricky task for the Italian craftsman who have laboured for seven months on the project — a reminder that a shortage of traditional craftsmanship in this country is one obstacle to beautifying our urban drabness.

The writer-artist Mervyn Peake wrote a poem about Victoria Station at the evening rush-hour in which he imagined the commuters laughing with delight as there appeared "out of the drab and artificial ground, A horse with wings of scarlet..." The present-day visionary of Victoria is Nigel Whiteley, Southern Region's chief architect. He it was who spotted Jaray's work and was attracted by its highly abstract quality, which hints at the inventive grace of Islamic decoration.

The very word "mosaic" conjures up the Mediterranean—the courtyards of Cordoba, the palaces of Morocco—and this exactly suits the grand plan for Victoria. This venerable station has been the gateway to the South for 125 years, so a Mediterranean feel is what the architects have in mind. The idea is to unite the two concourses by using another Jaray design for the central one, covering 1,000 metres with a pattern like a stylised chrysanthemum.

The warm earth colours of the first mosaic pick up the brick of the walls; the wrought pillars will be repainted to match and climbing plants will

Patricia Morison looks at how British transport monoliths are trying to make travelling easier on the eye.

twine about them. If the vision comes to pass, white suits will be more in keeping than pin-stripes; and as we traverse Jaray's lovely designs our feet will adopt the gentle saunter of the pascos in some Andalusian town.

The question-mark over the completion of the scheme is, of course, financial. BR is in no position to dig into its own pocket merely to gild the Lily. But before you snarl that it has no business diverting a single penny from making the trains run on time, the admirable way in which the funds have been found should make you pause.

Of the estimated £50,000 for the Jaray mosaic, £20,000 was given by James Sherwood of the Orient Express and British Ferries, to sweeten the send-off for his passengers, and £5,000 came from the Public Arts Development Fund. The other half came from BR's own fund for environmental improvements, whether they be white-washing tunnels or planting trees on cuttings.

The message is that beautifying stations is indirectly profitable. The Southern Rail architects hope to lure executives from the choking tedium of the traffic jam to the contemplation of the aesthetic charms of rail travel. There is another benefit: Dutch railways discovered that the bigger a sheet of glass, the less are vandals tempted to smash it. Clean, light, cheerful stations should inspire a corresponding graciousness in the public.

These are early days in the transformation of Southern Region, so we must all wait patiently for the BR architects to arrive at our particular scruffy station on this mission civilisatrice. I am told that the Southern ticket-office for instance, now rejoices in an Art-Nouveau flavour scheme; Albany Park has a mural by a local comprehensive school; and at Vauxhall two years ago a Stygian subway was enlivened by a bold 16-foot fresco by Bill Pye.

Art in public places rarely elicits unanimous admiration; and the labyrinthine ticket collector at Vauxhall told me that he did not like Bill Pye's fresco. However, he did admit that "it's much brighter than what was there before." Doubtless the same was said when they put up the reliefs at Persepolis.

The heartening thing is to feel that someone is trying, and that, with rather less enthusiasm, can also be said of London Regional Transport's campaign to redecorate the Underground.

At their worst, the decorative schemes in the Underground have a tiresome literal-mindedness: sycamore leaf stencils at Green Park, cameos of the Great Queen at Victoria and sheep at Shepherd's Bush.

There is a rich vein to be worked here, so you could one day find cornucopious oaks, gold hawks and a fat lady called Tough Nell. I find many of the Underground colour schemes repulsive, with Victoria's dingy pink and lilac coming yet praise is due to LRT for a few stations where the planners have gone for something bolder. The results are notably more successful when artists are called in. David Gentleman's medievalising at Charing Cross have won that station many friends, which compensates for the loss of advertising space entailed by his scheme.

Some of us positively enjoy stepping out to the razzamatazz of Eduardo Paolozzi's tiles at Tottenham Court Road, and more recently, Nicholas Munro has given Oxford Circus an uplift. Revamping an underground station is an agonising business for all concerned. Workmen can only work for two or three hours a night when the current is switched off, and the cost is alarming. Tottenham Court Road cost £2.2m and Piccadilly Circus, which inches painfully forward, will cost £10m. When the time comes to dig that particular lift, let's hope that LRT will take a leaf out of BR's book and go for something really imaginative, rather than replacing one dreariness with another.

'Strippers' in the
West End

Peter Terson's play *Strippers* will open at the Phoenix Theatre on May 29 following its regional tour. The production was first staged at Newcastle Playhouse in March. It will be Terson's first play in the West End since *Zigger Zagger*. The cast will be headed by Bill Maynard.

ACROSS

- 1 Augustus (11)
- 2 Perpetrator of battery (3)
- 3 River entering Spanish port (5)
- 4 Tropical island with grain (9)
- 5 A lot: it can change into (4)
- 6 Model is successful (5)
- 7 Love-sick, going back into food, for gold (7)
- 8 Apple caught with blade (4)
- 9 Seek for compliments (4)
- 10 Scottish or Italian pope (7)
- 11 Land for the artist? (5)
- 12 Lots of titles with two bars (9)
- 13 Arresting artist (9)
- 14 Unusual type of villain (5)
- 15 The French or Italian pope (3)
- 16 Tea, rare brew perhaps, from tap? (5-6)
- 17 Keep people employed, apart from the worst kind of comfort (4, 4)
- 18 Note on charts of vermiculture as a factor in reproduction (4-4)
- 19 Name of girl or hat? (5)
- 20 Union leader indeed has lots (7)
- 21 Terrified by awful pain, not quite nice (2, 5)
- 22 "Amo's" Latin for French (5, 4)
- 23 Bird that is no veteran (8)
- 24 Nimmo's trouble is belief that all's one (6)
- 25 Dish made with flower may be wheels (5, 4)
- 26 Dog for public relations kept by musician (8)
- 27 Amour distorted (see within) by a flower that can catch the cat's bell? (5-3)
- 28 Henry's qualification as a big swimmer (7)
- 29 A big swimmer (7)
- 30 Drawer of money cut short by one pound (6)
- 31 Non-Spanish-speaker makes smile depart (6)
- 32 Say yes to engineer in time (6)

DOWN

- 1 Keep people employed, apart from the worst kind of comfort (4, 4)
- 2 Note on charts of vermiculture as a factor in reproduction (4-4)
- 3 Name of girl or hat? (5)
- 4 Union leader indeed has lots (7)
- 5 Terrified by awful pain, not quite nice (2, 5)
- 6 "Amo's" Latin for French (5, 4)
- 7 Bird that is no veteran (8)
- 8 Nimmo's trouble is belief that all's one (6)
- 9 Dish made with flower may be wheels (5, 4)
- 10 Dog for public relations kept by musician (8)
- 11 Amour distorted (see within) by a flower that can catch the cat's bell? (5-3)
- 12 Henry's qualification as a big swimmer (7)
- 13 A big swimmer (7)
- 14 Drawer of money cut short by one pound (6)
- 15 Non-Spanish-speaker makes smile depart (6)
- 16 Say yes to engineer in time (6)

CHESS SOLUTIONS

Solution to Position No. 564
1... N-K3 ch; 2 K-B6, R-B1
3 K-R7, N-B3 ch; 4 K-Q7, B-P3
5 K-K2; 5 R-P mate.

Solution to Problems No. 564
1 P-QR3, P-K4; 2 N-QB3,
ch; 3 K-R7, N-B3 ch; 4 K-Q7,
B-P3; 5 K-K2; 5 R-P mate.

A victim
of life's
brutality

BY MARTIN HOYLE

Blue is the colour of distance, says Don Quixote in *Camino Real*. Red and black are the colours of the circus, says Fran Thompson's set at Watford's Palace Theatre, of savage nature; and of the London murk where Jack the Ripper smears his bright mark.

Lulu's back not quite in town, though the enterprising Palace is drawing increasingly on the metropolitan public for its audience. The last time I saw her, at the Royal Court 14 years ago, she was Edwardian mis Wildie's Ceely grown up too quickly; Julia Foster made her the archetypal plucky victim. Now, Lucy Gutteridge gives her a firmer line in self-assertiveness, even though, viewed differently by each of her "admirers and victims" and at total cross purposes with the world, she ends up as a victim forward as ever, a casualty of the almost off-hand brutality of life.

No denying that Benjamin Franklin Weideland's *Earth Spirit* and *Pandora's Box* make a lovely evening. The horrors that befall Lulu and the freaks that surround her can ultimately be seen as a parody. Here Leon Rubin's production pre-empted this by bringing out a streak of zanily inconsequential humour, abetted principally by David Rappaport's minuscule Schizoid and the Roderigo of Jeffrey Guyton, an American with the physique of a body-builder, the hair and moustache of a clown, and a delivery with plenty of thrust (not to mention a penchant for aerobic back-somersaults). He fits perfectly into this nightworld of cannibalistic obsessions, figures from Gross cartoons.

Miss Gutteridge has the Louise Brooks hairstyle and gumption as well as "sweet innocence, that peerless jewel" (apart from the Kingstons' rhetoric, Peter Dinklage's theatricality, an illogical quality and a bittersweet, occasionally derisive, occasionally resembling the late Fred Emney which is commendation enough in itself. Alas, Alas! MacNeill leads an instrumental trio in his music that, perhaps like the performance, is stronger on immediate attractiveness than on abrasiveness or harshness.



Lucy Gutteridge

vowels of the police spy/procure, and chillingly colourless as Jack.

Abraham Ogunwun fails to distinguish between painter and prince — some of the audience thought they were the same character — and Peter Hutchinson's Alva gives the impression of not always understanding his lines; but Wolfe Morris turns in cameo that range from the degenerate to the endearingly dotty, occasionally resembling the late Fred Emney which is commendation enough in itself. Alas, Alas! MacNeill leads an instrumental trio in his music that, perhaps like the performance, is stronger on immediate attractiveness than on abrasiveness or harshness.

Liberation, as seen
by Durham's bishop

RADIO

B. A. YOUNG

The Bishop of Durham's Hilbert Lecture on Sunday called for a "liberation theology," by which it seems he meant a political theology, more political than theological. The lecture was called *The God of Freedom and the Freedom of God*, and was based (with more reference to the Old Testament than the New) on the understanding that God was ready to take us on trust, but would be likely to correct us if we were heading off course. A liberation theology, dedicated to progress, justice and democracy, would not be dominated by it.

Immediately following the bishop came the last of Hugh O'Shaughnessy's series, *Central American Journey*. I was away for half of this, but was interested in the early programmes. In the final one, Mr O'Shaughnessy chaired a debate between the Mexican Ambassador, Lord Chitnis and Jennie Pearce of the Latin-American Bureau in London, and Ambassador Reich in Washington (and proved especially adept at muting the conflict between the last two). At the end of it, all four debaters reckoned that the atmosphere in Central America would remain belligerent.

Radio Bristol, the BBC local that serves me, is giving three programmes to celebrate the 150th anniversary of the Great Western Railway. Of course, the Great Western Railway never had such an anniversary, having been done to death by the Transport Act of 1953; but GWR fans, who interpret the initials as "God's Wonderful Railway," regard it as immortal. There are flowers on Brunel's monument on the lawn at Paddington. "The lawn" is that untidy area, lately enlarged, where we wait for our trains.

The programmes, though the route of the Cornish Riviera, they're introduced with a suggestion that we're following the Express, comprise, in fact, no more than a scrapbook. Everyone and everything on the Great Western, from the great Brunel down, is praised in the superlative. Daniel Gooch, who became locomotive superintendent at the age of 21, was "Colossus—the mind boggles!" I'm not a Great Western man myself, especially since I moved into its area; more Southerner, really, perhaps a

SE & CR even, and my mind boggles more for K. F. L. Maun, a railway addict and I enjoyed these programmes, especially to hear railwaymen saying things like "The railway life, to a proper railwayman, it always comes first," which must be discouraging to ASLEF and the like. The programmes are good: out on a variety of dates on a variety of BBC localities including Radio Shrewsbury, a new one opening just in time.

On Monday afternoon, on Radio 4, we had the first of 10 readings by Brian Gier of Walter Lord's *A Night to Remember*, about the fatal maiden voyage of the *Titanic*. Last week, there was a programme about the *Titanic* on the County sound, but enriched with song and completing the tale in a single bite. Must the story be recalled every time its anniversary date comes round? Surely it has been covered adequately, in various media. Why not a programme about the *Lusitania*, just as exciting in its way? Or the *R101*, or the *Hindenburg*, if disasters are called for? County-sound might do the wreck of the *Deutschland*, with a chorus of nuns singing lyrics of Gerard Manley Hopkins. Nothing wrong with either the BBC's venture or County-sound's, but they lack the sense of adventure.

Lord Harewood
for Australia

Lord Harewood has accepted an invitation to be artistic director of the 1988 Adelaide Festival in South Australia. Announcing the appointment in London yesterday, the South Australian Premier, Mr John Bannon, said: "We are delighted that a man of such significance in the arts has agreed to direct the 1988 festival."

TODAY'S TELEVISION AND RADIO

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LEISURE

Gerald Cadogan on the battle over Navan
Why a green hill unites Ulster

FEW MATTERS in Northern Ireland unite public opinion, but the present threat to Navan, a town of 10,000 people, is the traditional capital of Ulster and the single most important historical, legendary and archaeological monument in the province — is doing just that. A proposal to enlarge a limestone quarry bordering the ancient site and in the middle of the sacred precinct has met wide opposition and will be the subject of a public inquiry in June.

Navan is near Armagh, on the top of a hill with splendid views which include the pinnacles of the two cathedrals of Armagh some miles to the east. Its ancient name was Emain Macha, which even the early geographer Ptolemy may have been vaguely aware of in the 2nd century.

Two early Irish tales link the place with Macha, the war-goddess who gave her name to both Emain and Armagh (Ard Macha, or the Hill of Macha). In the Ulster Cycle of tales of the 7th and 12th centuries, an inspiration for plays by Yeats and Synge, Emain Macha is the legendary capital of the Ulster warriors, who were always at odds with their great enemies, the warriors of Connaught. Its role is as important as that of Camelot in the Arthurian legends.

Emain Macha can also be associated with the end of paganism and the arrival of Christianity in Ireland. The man seen as the first Irish Martyr was its greatest king, Conchobor (Conor). In the wars and shifts of peoples in Ulster the place was a natural focus, and was destroyed as the Ulstermen were pushed into the extreme east of the province. Till then, its importance as the

political centre of Ulster and perhaps even the most powerful overkingdom of Ireland, may be reflected in the fact that St Patrick came to the region of Armagh. Armagh became the Christian capital of Ireland on the back of the pagan glory and power of Emain Macha.

Though Emain Macha was destroyed, its memory still lingered. There were mediaeval fairs there, and in 1387 Niall O'Neill, king of Ulster, built a house, to associate his family with the new capital. By the 17th century the house had gone, but visitors saw the bank, ditch and mound that are there still.

Its archaeology is as long and as important and supports the idea of a religious centre. Navan is the only archaeological site in Northern Ireland to be nominated by the Department of the Environment to UNESCO as of international importance.

Navan Fort is the principal monument, and the limestone quarry adjoins it. In fact it is not so much a fort as a sacred enclosure, with a bank and ditch enclosing an area of about 18 acres. The bank is the ditch, which is what suggests it is not a proper fort.

Inside Navan the main feature is a large mound, six metres high and 45 metres in diameter, which was excavated in 1963-71 and then reconstructed. There is evidence of settlement back to Neolithic times but the principal time that people were living there was in the Late Bronze Age from about 700 BC to Early Iron Age. Navan shows the slow transition very well, as bronze tools and weapons

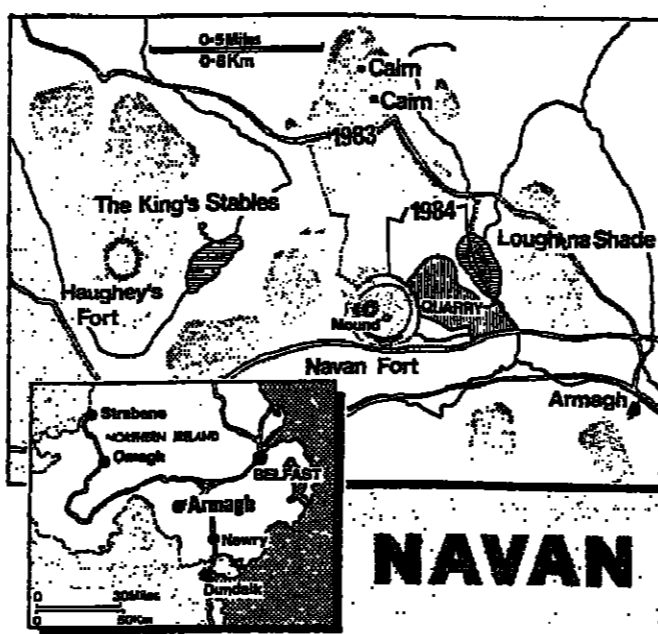
gradually gave way to those of iron. The building types stayed the same. A round house and a stockade were rebuilt time after time on the same spot below the (later) mound. It was a settled community.

The most bizarre find of all Irish prehistory was in one of the houses — the skull of a Barbary ape which has to have come from Spain or North Africa. We do know of other exotic animals in archaeology and of gifts of them in historical records, but this must be the most surprising.

Late in the Iron Age, about 100 BC, an enormous building 40 metres across was put up, with five circles of posts and a great central post of oak as a totem pole, coming from a tree over 200 years old when it was cut. Later, the great building was covered with pebbles and its superstructure set on fire and the mound there today erected. One can find this way of marking the spot over 2,000 years earlier at Lerna in Greece, when the burnt ruins of the ruling house were covered with a tumulus with a ring of stones round its edge.

When in use, the great building at Navan was unusually clean, with little debris on the floor. Since regular houses are dirtier, one must interpret the building as a religious centre. Near its sacred lake, Lough na Shide, four bronze trumpets were found in the 18th century, with human skulls and animal bones. All would have been offerings. One trumpet survives in the National Museum in Dublin, a fine Celtic piece and man-made.

Lough na Shide itself had a Late Bronze Age predecessor in the deliberately dug pond at the King's Stables to the west of Navan. A small dig in 1975



*1983 and 1984 on the map refer to planning decisions

found evidence to suggest animal, and perhaps human, sacrifice, and the making of bronze swords, which would have been a most valuable craft.

West of the King's Stables is Haughey's fort, which seems to be a true Iron Age hill fort, and thus a place of everyday life — the sort of which there are so many throughout the British Isles.

This group of monuments forms a landscape of religion as important for Ireland as that round Stonehenge is for England, and invested with far more legend. In the middle of it, between Navan and Lough na Shide and cutting them off from each other, is the big open wound of the quarry.

The quarry has been at work since the 1850s. In 1983 Armagh Limestone Mills Ltd, the owners, failed in a bid to develop 134 acres which would have encroached on half the circumference of Navan and destroyed the land that unites this unique group of holy places.

A reduced plan was produced in 1984 and has been approved by Armagh District Council. The vote was 11 to 8 and along party lines, except for Mr Douglas Hutchinson (Democratic Unionist Party) who voted with those who see Navan as a vital part of the heritage.

The outcry from the public and the media has cut clean across the old divisions and has led to Mr Christopher Patten, the Minister responsible for the Department of the Environment, ordering the inquiry.

At issue is what will happen to the environment in the literal sense — the surroundings — of a green hill with a truly special history. How much damage is acceptable nowadays? If it were filled in after use, when would that ever be done? What are adequate safeguards? From whom, or for whom? How did the quarry happen at all? What about the possible loss of 30-40 jobs? The inquiry will weigh Navan limestone against the history of the country.

Ian Hamilton Fazey on the eve of the Marathon
Shoes just made for running

AS THE London Marathon winds its 26.2 miles tomorrow from Blackheath to Westminster Bridge, another competition will be taking place within the field of thousands of runners — the one for their feet. The results will be important — the victorious company should be able to tighten its grip on general leisure-wear markets.

The Marathon has helped make sporting goods and services a burgeoning but desperately competitive industry. London's has become a promotional event for manufacturers, wholesalers and retailers — for spring is when people buy new gear.

It is the time for new models and price increases. It does not really matter much to anyone who is a runner, the "London" is about the triumph of citizen runners struggling to "beat the distance" on live television and that it what the industry hopes will once again stir their sedentary neighbours to go out and buy.

The U.S.-owned company Nike is a hotter favourite to win the feetrace than Steve Jones, the world record holder, is for the footrace, even though Jones himself runs in Reebok shoes, whose sales in Britain are now the charge of the London Marathon's race director, and 1985 Olympic gold medalist in the steeplechase, Christopher Brasher.

In a move that shook the industry, Brasher's distribution company, Fleetfoot, switched to the U.S.-owned Reebok last year from the U.S.'s New Balance. This destabilised the market, where New Balance's ever-expensive shoes — Fleetfoot was charged in dollars — had long held second place to Nike. Meanwhile Reebok's former top marketing man, John Ovenden, went to New Balance, which switched to direct selling and a sterling accounting base to keep its prices down.

Ironically, although Reebok, which is owned by Pentland Industries, has a factory in Bolton, it has most of its shoes made in the Far East, but in spite of its American origins, New Balance makes its shoes for the UK market in Worthington, Trillick, Northern Ireland.

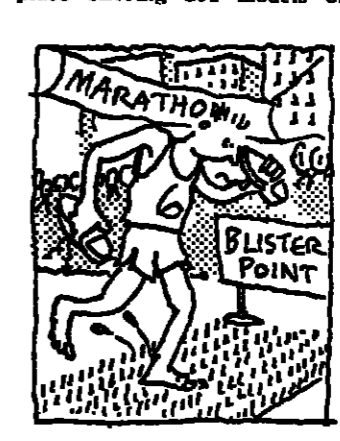
However, these company's shoes are not the only ones in the race. Other leading contenders include the German-owned Adidas and Puma, the former distributed in Britain by the Cheshire-based Sizerger from Baiter, West Yorkshire. Then there is Brooks, now owned by Wolverine, makers of Hush Puppies, and the Shoebusiness company, Hi-Tec, which makes budget priced shoes in the Far East which few serious runners take seriously.

Nike, which is run by the

1976 Olympics bronze medalist in the 10,000 metres, Brendan Foster, won last year's feetrace easily with 35 per cent of the first 10,000 runners — those finishing in around four hours or less — wearing Nike shoes.

New Balance shed 25 per cent, Adidas 10.5 per cent and Hi-Tec 2.5 per cent. Among faster, more serious runners, Nike kept market share but New Balance and Adidas did better at the expense of Hi-Tec. Reebok and Brooks had 5 per cent each.

That left precious little room for anyone else — and at the moment there are 25 manufacturers in the British market-place offering 204 models of



shoe. All of them claim to be doing well, which, of course, cannot possibly be true.

Who'll wear what tomorrow is the best objective indicator of market share. This is because only those few hundred who have run a marathon in under 2 hours 40 minutes quality for the race by right. Nearly every other British runner is selected by computer-controlled quota sampling from the original tens of thousands of applicants. Since this produces a good cross-section of the running public, the London Marathon shoe count is therefore the best market survey there is.

Brasher applies one caveat, however. "People run marathons in well-worn, comfortable shoes," he says. "It tells you what they were buying a few months ago. The shoe count will not necessarily reflect market changes under way right now. We have a lot of sales in the pipeline that will not show up on runners' feet in races for a few weeks yet."

Mike Deegan, an international athlete who is managing director of the Hyde-based Hill Sports, which is in manufacturing, wholesaling and retailing of running gear — confirms this. He says that Reebok shoes — mostly new models — have recently been selling out as fast as they have been supplied.

Other leading figures in the

trade report New Balance's position faltering and supply problems with Adidas. Ovenden says New Balance is now concentrating on pushing its "Rolls-Royce" image — most expensive shoes retail at £100 a pair — compared with £30 to £45 for any number of adequate competitors, including some in the company's own range. Retailers admit to liking New Balance's margins but not to the cost of carrying much stock.

Meanwhile, Foster says that Nike (the company was named, incidentally, after the Greek goddess of victory) has continued to do "fantastic business" with sales up 180 per cent on last year. His year-end is still a few days off but he says that Nike has already broken a "double million" barrier, more than 1m pairs in footwear and a million items of sports clothing. With figures like that, Nike must soon be pushing Adidas for overall sports market leadership.

The footwear is in all sports but the figure to compare with is that for 1981-82, when Foster says total footwear sales were about 80,000 pairs. Growth since then reflects what the London Marathon has done for participant sports in Britain and shows just how significant it has been. It provided Nike's base to move into other areas, which it has been doing steadily for four years.

The first race was in 1981 and the British running boom, as elsewhere in the world, has now moved on to shoes. Greater health-consciousness has fuelled it. The spin-off has been manifested in many areas, bringing intense commercial activity and creating jobs.

A barometer of progress is Running Magazine, which was called Joggings and selling a barely visible 20,000 as a bi-monthly in 1979. It changed its name in 1980 and then monthly just before the second London Marathon. Last year its circulation grew 23 per cent to 55,500.

Editor Andy Etchells says advertising has grown 12-fold per issue over 1979's figures in effect, a 24-fold growth in annual rate. Since then, Greater health-consciousness has fuelled it. The spin-off has been manifested in many areas, bringing intense commercial activity and creating jobs.

Foster believes that the spillover into general markets will continue to grow. Nike is already developing its shock-absorbing shoe technology — it uses a patented system which traps a bubble of air inside the sole — for everyday footwear. People who stand or walk a lot will be targets.

Antony Thorncroft on buying oak
Back to the roots of rural England

WHEN CHARLES II came into his own in 1660 he brought with him some of the fashions he had picked up during his travels in exile. One was a liking for furniture made of walnut. It marked the start of the decline of oak, that traditional English wood. From 1700 onwards, oak was popular only in country districts. Fashionable society had moved on towards mahogany, and style, and the sophisticated furniture of the 18th century.

But in the 1920s oak became smart again and the new rich, both in the UK and the U.S., were happy to fill their mansions with choice items of Jacobean furniture, paying prices far above current levels in the market of the day. The trend did not last, but in the 1970s oak entered another phase of appreciation which is still in full swing, both in price and as a decorative wood.

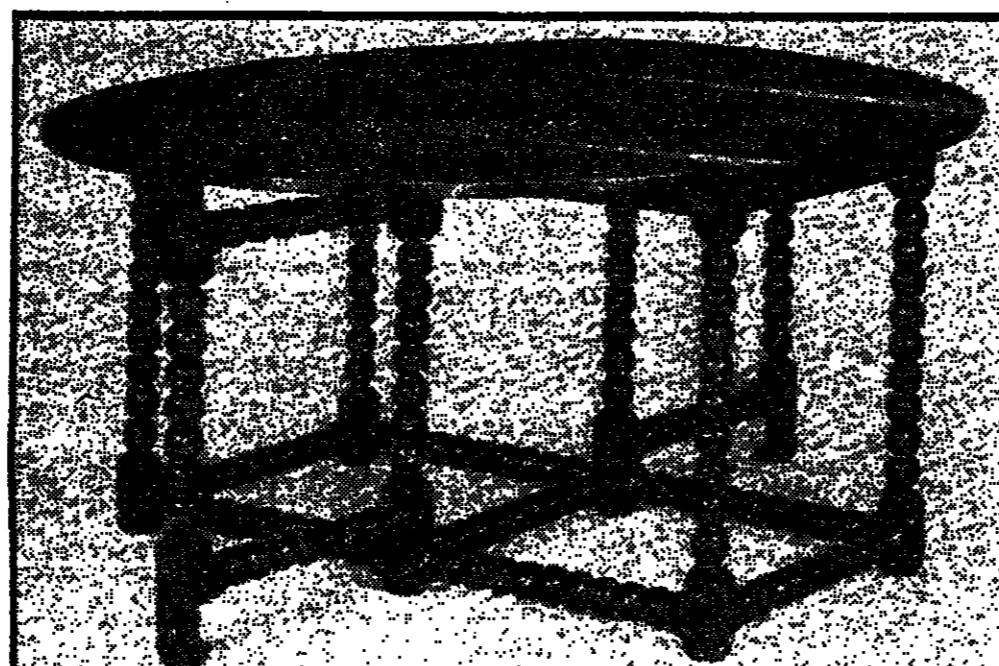
On Friday Sotheby's is holding an auction of oak furniture. It is the only major auction house to hold specialist sales in this area of interest; it has reduced its involvement over time, mainly because of shortage of supply. The majority of pieces of oak furniture must have been destroyed in the 19th century. Collectors who have entered the market in the last 15 years tend to be fanatics for oak, who rarely sell off their pieces: death and domestic dismantling is the

main supplier of the lots on offer in the saleroom. This year Sotheby's plans two auctions only.

Since 1970 the price of good oak furniture has risen steadily, with a sharp set-back in the mid-1970s following the oil crisis, and a more recent re-adjustment, in which good pieces continue to appreciate rapidly while mediocre or musty restored oak furniture rises modestly in price. This is an unusual market: the British are the main buyers, plus a few Americans. It is dominated by dealers who know their way around furniture which might have attracted the attentions of restorers and rogues.

Sotheby's has the advice of an expert on oak, Victor Chinnery, whose book on the subject has helped to set guidelines in the market. He reckons that the great boom during the 1960s boosted a 17th century oak chair from £200 to £2,000 during the decade. Since then it might have appreciated to nearer £3,500. Twenty years ago it could have been bought, perhaps, for £50.

The boom in second homes, in the restoration of old country farmhouses and small manor houses, has sparked off today's demand for oak furniture. These days, we want to fill our homes with furniture compatible with the construction of the house. Old houses that are advertised in *Country Life* are being fur-



This Charles II oak table sold for £25,300 at Sotheby's last year — a record auction price for English oak and over twice the pre-sale forecast

nished with oak. Also, compared with 18th century furniture, oak is now remarkably cheap. The highest price at auction for English oak is the £25,500 which secured the (illustrated) Charles II table last October, a price double its estimate. Other items which provoke brisk bidding are oak beds which, in their original condition, rarely reach the market: last year a Tudor tester bed sold for £19,000.

Friday's sale contains no exceptional lots. An Elizabethan cupboard, dated at around 1580, is the most expensive item, with a top estimate of £12,000. A rare Charles I cupboard of 1628 carries a high forecast of £10,000. But a large James I

cupboard, with some restoration, might be secured for £3,000, and there are many finely carved oak chairs of the early 17th century for £2,000 or less. First-time buyers should be concerned about the amount of restoration required, but Sotheby's will give advice, and will stand by the descriptions given in the catalogues.

Large early 17th century cupboards, which are fairly common, offer, perhaps, the best bargains. 18th century country oak which is still remarkably cheap, too. Smaller items, like stools, tend to do best because they fit into today's modestly sized homes — and the rare, 16th century (or even earlier), chairs and chests can be cheap

— they lack sophistication. As always, finely carved, unrestored items show the highest appreciation — nine James II chairs sold at Sotheby's for £4,950 in 1982; and made £8,140 nine months later.

Oak furniture is a small, specialist, somewhat insular market. Compared to 18th century furniture, with its high prices, international demand, and widespread expertise, oak is still largely unexplored territory. But it has its attractions — it is sturdy and heavy with integrity; it reeks of history; it is rare. Oak might not fit well into London flats but as the escape to rural roots continues, there should be no shortage of new collectors.

June Field on humble thimbles
Just a stitch in time

LEWIS CARROLL'S Snark was hunted with one. The Dodo presented one to Alice after the race that never was. Mark Twain's Tom Sawyer was cracked on the head with one by Aunt Polly.

The humble thimble has been well-documented since the 12th century when a Moorish poet from Seville, Al-Liss, aptly described it as "like a helmet, picked where thrusting lances pricked."

Although references to protecting the finger while sewing go back to antiquity, it is open to debate whether or not the Romans used them for guard. In *Sewing Accessories: An Illustrated History* (Souvenir Press, £8.95), Victor Hornat, refers to open-ended thimbles found in the ruins of Herculaneum, buried in 79 AD by the eruption of Vesuvius. "The Roman thimble, made of bronze, iron, gold or ivory, was shaped like a rounded cone or olive."

Edwin P. Holmes, in *A History of Thimbles*, published this week by Cornhill Books, is doubtful about the existence of thimbles in Roman times.

One of the earlier authorities on Greek and Roman remains, Suetonius, probably got his records mixed up, confusing thimbles (des à coudre) with gaming dice (des à jouer).

Both books are lively aids to recognising some of the earliest domestic tools, many now obsolete. Holmes devotes more than 250 A4 size pages to the identification of thimbles alone. He first began collecting nearly 20 years ago, buying up a small collection at auction in the

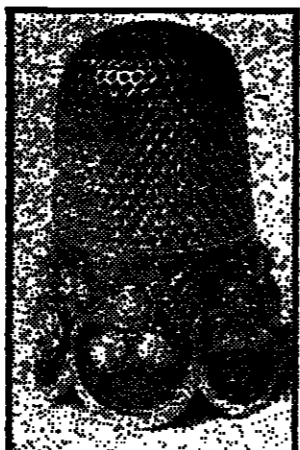
mid-1960s. His first book, *Thimbles*, appeared in 1976.

This new publication records oddities like "thimble-rigging" (a version of the three-card trick), and the cable thimble, so-called because it was used to make an improvised battery which sent electric current through one of the first transatlantic cables.

Numerous illustrations are useful, if a trifle confusing: there is no continuity of scale, and measurements are not always given. Reproduction would be better, too, given the £24 price. Available from book-sellers or from Sarah Mansson, Cornwall Books, 25, Sicilian Avenue, WSL.

All sewing artefacts enthusiasts should belong to *The Thimble* Society of London, formed in 1981. Over 1,000 members from Britain, France, America, Dubai and Singapore; Members of Parliament and magicians, surgeons, stock-brokers and housewives. The subscription, £4 a year, includes a quarterly magazine, a search and mail order service, lectures, and advice on dating, restoring and cataloguing. Stamped addressed envelopes for details or by personal call (Monday to Friday 10-6), to Bridget McConnell, The Bees, Gray's Antique Market, 58, Davies Street, W1 (01-498 0560).

She contends that, as an investment, thimbles rival banks, building societies or shares. For example, a "James Watson" thimble, a "James Watson" thimble of 1889, £20 in 1981, now costs £34 for a later version. A Worcester porcelain thimble, 1891,



Multi-coloured gold thimble with turquoise, c 1860, from *A History of Thimbles* by Edwin F. Holmes

sold for £80 in 1981, could now be nearer to £150. Even modern commemorative have increased. A Queen's Jubilee thimble nearly doubling in price in three years.

Records at auction include a £5,000 Meissen thimble at Christie's a few years ago, and a similar figure for a pair of gold thimbles sold at Sotheby's last autumn.

A popular category are the variety of "Dorcas" thimbles made by Charles Horner, retail jeweller of Hadden Bridge, Yorkshire. He patented a silver thimble with a steel core to give it strength, and named it after a "Dorcas" character. Tabitha "which by interpretation is called Dorcas" (she was a woman of good works who made coats and garments). When she died, Peter commanded her to arise. "And she opened her

Now the Gould rush

ON WEDNESDAY night Mr John Marshall, the chairman of Sotheby's U.S. operation, will rap his gavel on the rostrum at Sotheby's purpose built saleroom in York Avenue, New York, to call to order some of the richest art collectors in the world in the hope of selling in the next hour or so the Impressionist paintings of the late Florence Gould for something around \$30m.

If he succeeds he will have set a record for any auction session and will, probably also have established a record price for an individual item of art — a painting by Van Gogh of the wheatfield he saw from his asylum window at St Remy; it could make \$10m.

Sotheby's is doing everything in its power to make the Gould sale a success. It has trailed the most important pictures around the world and produced a hefty catalogue, which itself costs \$50. But what has raised most eyebrows is the terms it is offering to potential bidders at the sale. Financially respectable private collectors, dealers and museums need only pay out half the sale price on the spot, making the next 12 months. They will be charged interest ranging from the prime rate to 2 per cent over, depending, presumably on their importance as Sotheby's clients.

Sotheby's is also notifying potential sellers that it will advance up to half the lower price estimate on any goods it is auctioning for them, with the remainder to be handed over after the sale, also with interest charges on the loan. It does not expect to offer such terms on many lots, but the opportunity now exists and the practice will



Sotheby's president, Mr Michael Ainslie, justifies giving credit to some of the richest people in the world because of the weight of antiques coming up for auction in the next month. Sotheby's is expecting to take in \$40m from three Impressionist, jewels and book sales, and Christie's should make \$20m from a major Old Master auction and other sales. Then there are yet more important Impressionists on offer in June. The worry is that although the market is currently very strong there might not be enough ready cash around to buy all the goodies.

Both Sotheby's and Christie's have allowed dealers to buy on credit for centuries but advancing cash to potential sellers is a sign of the competition between them. At the moment Christie's is trying to hold aloof, protecting its purity as a auctioneer and letting Sotheby's get involved in banking. But in its unsuccessful bid to handle the Gould sale it must have offered the trustees some incentives: these days no auction house can afford to be too gentlemanly.

Antony Thorncroft

Rupert Cornwell reports on Germany and its Master
Langer, the one-day wonder

WHAT MUST a sporting prophet do to win honour in his own land? In a way, it is superfluous to sympathise on such a score with Bernhard Langer after his ascent last Sunday to the very pinnacle of world golf. The 27-year-old West German is \$126,000 richer after his efforts in Augusta, Georgia, and a seven-figure sponsorship property for years ahead.

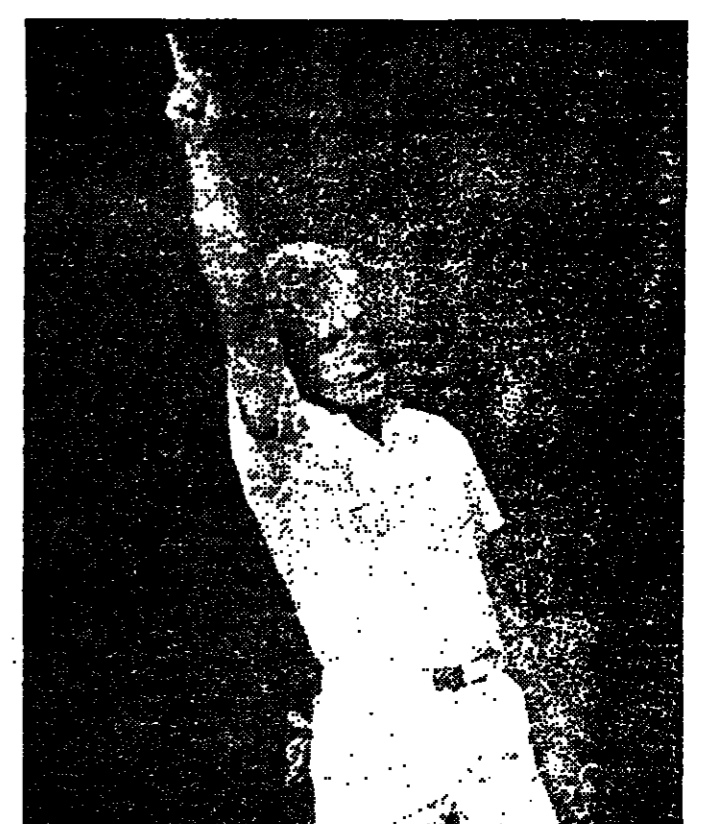
And yet one might have imagined that a country bogged down in debate over the perils of uncertainty of Star Wars, and harassed by this season of anniversaries of a terrible, still unforgotten past, might have relished something about which it could crow unashamedly. But Langer's victory in the Masters, arguably the most prestigious stage which golf has to offer, was but a one-day wonder in West Germany, a sideline on the serious things of life.

Remarkably, he had never before won any tournament on the American tour, the hardest school in professional golf. If a Fijian were to win Wimbledon, or cricketers from Ecuador defeat the West Indians — feats scarcely less improbable than a German winning in Augusta — they would surely become national heroes. Langer, though, remains no more than a curiosity at home, except perhaps in his native Amhausen, close to Augsburg in the south.

He learnt the game there, caddying as a boy for DM 2.50 (then barely 25p) a round, before practising himself when the day's work was done. His mind was quickly made up about his future career. At 15 he was an apprentice professional in Munich, at 17 the best golfer in Germany. At 19 he was a full-time playing professional making his living from tournaments. But Germany itself has seen little of him.

Langer is much better known abroad, especially in Britain and the U.S. That is partly due to two second-place finishes in the British Open in the past four years, partly to an epic duel which Langer lost to Seve Ballesteros, the Spaniard, an ardent rival on the Continent, and by no means close friend, in last autumn's final of the Wentworth matchplay.

But when his supreme moment came last weekend, the West German Press was hardly there to witness it. A couple of papers, perhaps, had their



Langer: his supreme moment

story. For the rest, it was left to the news agencies to explain such arcane details of the game as "par" (rendered gracefully in German as *Platzzeit*), as well as "birdies" and "eagles," of which Langer had more than his share in Augusta.

Gradually, though, this perceiving young man (non-smoker, teetotaler and deeply religious) may be starting something at last in his own country. Traditionally, access to golf in Germany has been, as elsewhere in mainland Europe, limited, hugely expensive, and practised at clubs as much social as athletic centres, strange throwbacks to a vision of a snobbish England, where the food and the company were at least as important as the game itself. In the popular consciousness, golf came far behind Continental sporting enthusiasms like cycling, fencing or handball.

That is now changing. True, as Langer himself complains, the West German still has only one truly public course, in Düsseldorf. But 10 new clubs opened in 1984; the number of playable courses rose by five to 179, and

tion, despite strictures from forest-loving environmentalists. True, there were only 67,332 registered West German golf club members by the end of last year, compared with almost 1m in the UK and around 12m Americans. But the Federal Republic now stands second in Europe to Sweden: clubs have huge waiting lists, lessons with professionals are booked out for weeks ahead.

That does not mean that West Germany is poised to become a world power in golf. Life, according to Jan Britzelmann of the German Golf Federation (DGV) has become too coddled and comfortable to produce the hungry young tigers of whom champions are made. "A club professional can earn quite enough without risking everything by joining the tour."

Langer, son of a humble stonemason, is the exception to prove that rule as well. But it means that the man whom the American Press has already dubbed "the best German out of the stand since Rannell" on account of his skilled bunker play, seems destined to remain

Saturday April 20 1985

Questioning the recovery

WHEN INFLATION rises quite sharply but bonds hold steady and equities are weak, the market is telling us something important. That pattern emerged both in Throgmorton Street and in Wall Street this week. In America, the pattern needs little explanation: the economy is slowing sharply, profits are squeezed, and the market is responding to the end of the Reagan boom. So much for the President's promise, only a few weeks ago, to unleash the bulls.

In London, though, the surface evidence suggests something better. Growing output and employment, optimistic industrial surveys, and interest rates which are visibly falling, even if only through a kind of slow-motion leapfrog, might all be taken to argue for an improving outlook. That is a very short view, though; look back more than a couple of months and we see interest rates sharply up, competitiveness squeezed, and exports prospects clouded.

The markets are showing a good deal more sophistication than they once did in reacting to economic news. They know, for example, that the inflation series is the economic equivalent of a driving mirror—it shows you where you have just come from.

The disappointingly high figure for inflation this month and the higher figure expected next month, do however carry one message for the future. They mean that the rise in real incomes has slowed sharply, for not only have costs accelerated, but nominal earnings are rising just a little slower. Prospectively, the home market looks flat. Inflation will no doubt come down again in due course, as the Chancellor predicts; but it begins to look as if growth will come down with it.

Look overseas, and this picture is repeated, sometimes in more strikingly sombre colours. Some Asian economies have been suffering a sharp setback for the last six months, due to falling sales in the U.S. In Germany car sales are down nearly a fifth, and stocks are enormous. Troubles like these spread.

Plain language

These developments largely explain the sudden renewal of argument about the economic fundamentals which can be heard all over the world. In the circus of international meetings now building up towards the summit next month, all sorts of recently unmentionable ideas are being aired—international monetary reform, surveillance of everyone's domestic policies by the IMF and punitive measures against what is seen as Japanese protectionism.

These, however, are rather

gadgety ideas, and discussing them helps to avoid mention of the two possibilities which are still discussed rather in code than in plain language. The pressing threat is that the U.S. Congress, seeing jobs, sales and domestic growth leading abroad through the huge current account deficit, will turn from anti-Japanese talk to general protectionist action. And that brings in the other unmentionable: it may be that the only effective answer to this trade threat will be for America's trading partners to abandon the fiscal austerity they have achieved with so much political pain, and take over some of the role of borrowing and importing from the U.S.

This reactionary idea is close enough to the political surface to have earned a health-warning from the IMF, as disciplinarian as ever. Those in favour—the West German economics ministry (which like our own long-dead Department of Economic Affairs has a rather marginal influence on policy), the OECD secretariat in Paris, and even the French Government—are still keeping their quiet.

Public plans

The academics, however, have no reason to be reticent, and have indeed been laying public plans for the end of the U.S. boom for some time. It is 18 months since the Institute for International Economics in Washington, run by a former U.S. Treasury Undersecretary for International Affairs, began to argue for a refation in Europe and Japan to balance the necessary efforts of the U.S. to close its deficit.

The ideas are hardly new. The idea that international disciplines based on co-operation work better than the disciplines of market forces go back some 40 years; and the architects of Bretton Woods were seeking ways to avoid the chaos which resulted from floating exchange rates—and protectionism—in the 1930s.

The new economic thinking in this country, graced by the recent head of the Treasury, run by a newly retired Treasury economist, and backed by ex-Ministers of every persuasion, will no doubt be told in due course that its own proposals are old hat, or that government economics, and that there is still no real alternative; it is the fate and duty of academics to proclaim ideas a little before their time comes (or in this case, comes back). However, if the markets are right about the economic prospect—and they are likely to be wrong only if falling interest rates stimulate a big wave of investment—then we may soon learn, not for the first time, that government doctrines are partly expendable. Amateur economists should brush up their Keynes.

BRITAIN'S BIG but stodgy furniture industry

is scrambling to adapt to a revolution in the retail trade. This week's agreed £615m bid by Associated Dairies for MFI highlights the increasing concentration, of furniture retailing in a few giant chains operating from suburban warehouses far from the traditional high street shops.

The shakeout in the high street has been rapid and brutal. The National Association of Retail Furniture Dealers has lost nearly a quarter of its members, now numbering just under 1,000, in the past two years alone.

Industry analysts agree that the big chains, like MFI, Harris Queensway, Habitat and the department stores, will increasingly command the volume end of the trade, forcing high street shopkeepers to specialise if they want to survive.

These developments have put great pressure on the country's 1,400 furniture manufacturers, most of which are small family firms. A few producers are putting a major effort into meeting the strict quality, volume and delivery demands of big chains. Others are taking new initiatives to raise the image of their up-market products, both at home and overseas.

So far, not enough has been done to halt the rising share of imports in the £1.4bn UK market, now running at 22 per cent. But for the first time in about five years, industry leaders are guardedly optimistic that the tide may be turning.

"The British furniture industry has become very innovative," says Mr Gerry Woolven, national secretary of

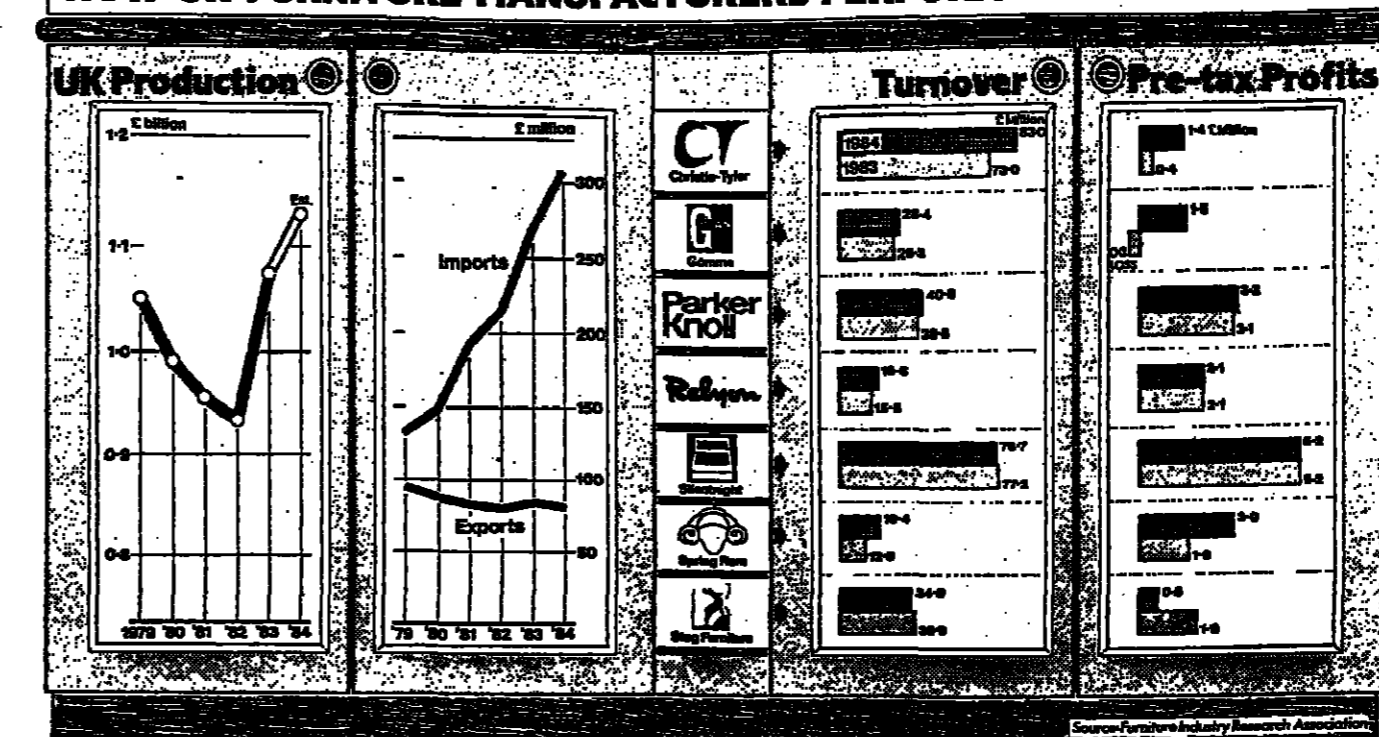
Industry leaders think the tide may be turning

the British Furniture Manufacturers Federation (BFMF). "Quality is up and I'm very optimistic."

Perhaps the most encouraging moves have been in the fast growing kitchen furniture sector, where new companies like Kitchens Direct and Spring Ram have been able to come in and pick up significant market shares in a very short time. For example, turnover of Kitchens Direct, a subsidiary of Hawley, has gone from £3m in 1982 to £35m last year.

More mature companies too have been adapting. Christie-Tyler, the largest UK manufacturer, last year opened a firm highly automated factory at Scunthorpe dedicated to providing living room suites for Harris Queensway in high volume. Mr Kevin O'Sullivan, finance director of Christie-Tyler, says the group is satisfied with this venture and sees the need to do more like it so that the manufacturer and big retailers work more closely together.

HOW UK FURNITURE MANUFACTURERS PERFORM



But such ventures are still fairly exceptional. Overall, the manufacturing industry has not responded to the challenge of the retailing revolution, and so has yet to recover from the market slump of the early 1980s. The alarm bells first went off in 1979 when the value of furniture imports exceeded exports for the first time. This was a heavy blow for an industry which had long prided itself on the quality of its products and its big contribution to the economy. At the time, the industry employed about 90,000 people, most of them in hundreds of tiny, craftsman-led, family firms.

Over the next three years, the combination of recession at home and the deterioration in competitiveness caused by the overvalued pound, sent the industry into a deep slump. By 1983, employment was down to 79,000, turnover had dropped 30 per cent and home deliveries were down by 42 per cent. Many small and not-so-small producers went to the wall, and most of the large producers, including Christie-Tyler and Gomme, suffered losses.

Among the more notable bankruptcies were those of PMA and Hygena. PMA was a lacklustre furniture maker when Mr Malcolm Meredith took it over in 1976. He brought it back to profitability, and then struck out on a series of acquisitions, including two long-established manufacturers, Gower Furniture and Harris Lebus in 1979. But the group was overextended when the recession hit and went bust in March 1981.

Hygena, a former subsidiary of Norcross, was the leading kitchen furniture maker in Britain in the late 1970s, but it suffered a succession of losses down to one-quarter largely by concentrating production, Marks and Spencer style, on a dedi-

cated local manufacturer, Humber Kitchens, a major supplier to MFI of kitchen furniture and appliances.)

Despite the traumas, there was little sign three years ago that the industry as a whole was getting to grips with the major changes taking place in its markets. British furniture makers were still organised to deal with the small, independent retailers that used to be prominent in every high street.

Because both the retailers and the manufacturers tended

not afford such a venture.

These trends have inevitably led to the increase in import penetration in the UK market. But the actual decline of the UK industry appears to have been arrested in 1982. "It's a question of scratching at the sand until you reach bedrock," says Mr Woolven of the BFMF.

Last year, overall production was up 5.5 per cent but the market grew by nearly 8 per cent to £1.37bn. Import penetration in all sectors continued to rise, and in the dining room sector has now reached an alarming 30 per cent. In kitchens, the penetration was 24 per cent last year, while in bedrooms it was 18.9 per cent and in upholstery 7.5 per cent.

The main sources of imports are West Germany and Italy, indicating one of the industry's problems. Consumers have tended to think the best kitchen furniture is made in Italy and West Germany, even though some British lines are highly competitive.

Industry leaders in the fitted kitchen and bedroom sectors also point out that the imports in these areas are inflated because of the lack of local producers of malamine-faced chip board and timber cabinet doors.

The dining room and cabinet sector is having to cope with very low-priced imports from Eastern Europe. In 1983, East Germany shipped 52,227 tonnes of furniture to Britain but demanded only £21.5m for it. West Germany, by contrast, got £130.5m for the 70,000 tonnes it shipped.

The BFMF is trying to get the Government to limit imports from Eastern Europe. It has also taken a number of other new initiatives recently to try to improve the sector's trade performance. It has, for example, applied to the National Economic Development Office

for the formation of a sector economic development committee (little Nedd), and is optimistic this will be set up soon.

Asked Sir Basil Feldman, chairman of the EDC for the clothing industry and mastermind of the Better Made in Britain campaign, to help the furniture industry in a campaign to displace imports of piece parts and finished products.

Launched a number of initiatives to promote exports, including publication of a furniture year book and seminars on area markets.

Also, the Furniture Industry Research Association, on behalf of the BFMF and other industry associations, is in the midst of a major survey of furniture manufacturers and retailers to find out why import levels are so high.

If these initiatives are to achieve anything, there will have to be much greater cohesion in the industry than has been evident in the past. And that, it would seem, points to a greater concentration of activity in fewer firms, just as has happened in the retail trade.

That does not mean that everyone is going to be producing high volume goods for the big retail chains. Parker Knoll, which came through the recession relatively unscathed, is proof that there is still a place for the high-quality dining room and upholstered furniture maker.

There is also a place for the specialist high street retailer. But even some of them are having trouble staying in the high street because of high rental costs. Mr Michael Bonar, co-owner of the World of Leather chain, has moved seven

of the group's eight shops out of the high street.

"We realised that in order to show the whole range, we needed to show up to 100 pieces. We could not afford such premises on the high street so we moved to edge-of-town sites and used the money we would have spent on rent in the high street on advertising."

But there is little doubt that the big chains will be the dominant influence on the fate of the manufacturers for the foreseeable future. Mr Phil Harris, chairman of Harris Queensway, estimates that the high street retailers still have 75 per cent of the trade. "But within five years, I would be surprised if 50 per cent of the trade was not in out-of-town stores."

It will almost certainly also be in even fewer hands. Harris Queensway, for example, recently took controlling shares in Debenhams Furnishings and Green's Leisure Centres. The major multiples are all looking for growth," Mr Harris said.

Established UK manufacturers have been slow to move into the growth areas—kitchen and fitted bedroom furniture

to be small businesses, neither could afford to hold large stocks. As a result, the industry worked on long six-to-eight week delivery schedules. There was also little pressure for innovation in style or design in this circuit.

The emergence of the big suburban retail chains, such as MFI and Habitat, changed all that. They wanted style and they wanted deliveries within two weeks of ordering. They, and others, also helped develop new markets in low cost flat pack furniture, especially for kitchens.

Initially, the British companies could not respond to these demands, and so the retailers went abroad. Ten years ago, MFI bought three-quarters of its furniture outside the UK. It has brought that down to one-quarter largely by concentrating production, Marks and Spencer style, on a dedi-

cated local manufacturer, Humber Kitchens, a major supplier to MFI of kitchen furniture and appliances.)

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Burdens on business

From the General Secretary, National Union of Tailors and Garment Workers

Sir—Your article (April 10) on the Government report, "Burdens on business," does not indicate why the doubts about whether it should be published were so well-founded. For example, the report's statement that "entrepreneurs can tolerate scruffy working conditions" indicates the continuing need for external regulation to safeguard the health and safety of employees. Yet, because the report totally ignores employees, it proposes the abolition of specific controls over health and safety in favour of "flexible codes" and even goes so far as to advocate that employers should issue their own fire certificates.

The civil servants responsible for the report and their research associates spared no effort to get the managers they interviewed to criticise various regulations. Indeed, they even waved idiot cards naming the items to which they wanted objections in front of their interviewees. Yet, despite all these efforts the report admits "only a minority are openly critical of Government requirements."

This introduces the interesting concept of criticism so covert that it did not emerge during interviews lasting an average of an hour and a half and which were clearly designed to produce complaints. In fact, the unprompted responses from the managers do not indicate any serious "burden," with the possible exception of VAT.

The only "frequent and bitter source of complaint" by small business managers identified in the report is the unfair advantage "fringe" businesses obtain by ignoring Government requirements. Unfortunately, the need to devote more public resources to enforcement was outside the terms of reference of the report.

The report does not form a realistic basis for any conclu-

sion, including the imaginative calculations about employment which your correspondent produced. It is a disturbing reflection of how much the Government has lost touch with reality if it is indeed giving serious consideration to the report.

Alec Smith,
16, Charles Square, NL.

British Telecom share issue

From Mr P. Richer

Sir—It seems that the sponsors of the unique British Telecom flotation are about to set another record—in the delay in paying intermediaries their 14 per cent commission for sending in share applications. Four months have passed and still no cheque.

I shed no tears for the government brokers to the issue, who may also be waiting for their dues, but I am concerned that all the commission properly (under Law Society rules) owing to my clients, who have authorised me to send it to Oxfam for Ethiopian Relief, is probably lying in some account at the Bank of England earning interest at the expense of the famine stricken.

Percy Richer,
Upson Britton and Lamb,
9, Leigham Hall Parade,
Streatham High Road, SW16.

Arms control talks

From the Chairman, Ministry of Defence Group, Society of Civil and Public Servants

Sir—As someone who has more than a passing interest in the outcome of arms control talks it strikes me that one of the hallmarks of previous negotiations has been that both sides have continued to manufacture and deploy weapons of mass destruction to such an extent that I believe most, if not all commentators would agree that the point of mutually agreed destruction (MAD) has long since been passed.

Letters to the Editor

In these circumstances I find Mrs Thatcher's response to the Soviet proposal to freeze deployment of land based missiles for a period of six months both confusing and worrying. If, as the Premier asserts, such a move would give the Soviets some form of advantage—though in terms of MAD it strikes me as being somewhat meaningless—could not the West accept the Soviet offer and use the intervening six months in Geneva to persuade them of the need to reduce their deployments at least until such times as parity demonstrably acceptable to the West had been achieved?

Or am I missing the point of arms control talks?

D. A. Millar,
124-130 Southwark Street, SE1.

Technological spin-off

From Professor J. Dowell

Sir—In your item "Job for CERN?" in "Men and Matters" (April 12) you refer to my account of the technological spin-off from particle physics published in the CERN Courier (April 1985). This was actually based on evidence accumulated by a group of UK physicists for presentation to the Kendrick Committee which is currently reviewing Britain's participation in high energy particle physics. You incorrectly state however, that the CERN bill is rising annually. Measured in real terms it has in fact fallen by 20 per cent over the past decade and the present signs are that it may be expected to continue to fall. The rise in the cost of scientific and engineering research is

entirely in other areas which up to now have benefited considerably from reductions made in particle physics expenditure.

Also, I am unclear as to the origin of your remarks about military spin-offs that I failed to "hint" at. I am sure CERN has not contributed to weaponry in the past. It is obvious that accelerator developments can have such applications but I believe my failure to mention them truly reflects the absence of any based on work at CERN. (Professor) J. D. Dowell,
The University of Birmingham,
P.O. Box 363, Birmingham.

Plasterers apprentices

From Mr D. Bevan

Sir—I was most interested to study your admirable collection of articles on the theme of "re-furbishment" (April 10) but take issue with Mr Mansell on the section of his item dealing with materials.

Fibrous plaster is not generally used for repair of concrete but is still used in its traditional manner i.e. the decoration and enhancement of buildings and rooms of distinction. The abilities of moulding and forming this material, which were brought over to this country many years ago from other parts of Europe, are still kept alive through companies such as ourselves.

Most years we take on apprentices, who are trained in every aspect of the production and fixing of these traditional mouldings and it is important, not only that these crafts are kept alive and adapted to modern market requirements but that this message is clearly

stated to the potential end user.

D. M. Bevan,
Hodkin & Jones (Sheffield),
515 Queens Road, Sheffield.

Voluntary retirement

From Mr J. Francey

Sir—I read with interest the case for voluntary retirement put forward in Mr Williams' letter. From my experience of early retirement, unless in circumstances of a substantial residual pension accompanied by a "golden handshake" (if the sole means of income) the advice is, simply, don't.

I was retired three years ago by my employers after 25 years' service and membership of a group pension fund throughout that time. My wife and I, who have no family, calculated that we would just be able to pay our way. The commuted sum of my pension invested in a building society, and a small pension entitlement in respect of my wife's earnings prior to her marriage, would enable us to live at a reduced but acceptable level. Our calculations were based upon inflation predictions and were, as far as we could predict, reasonably sound.

Alas, what applied three years ago does not apply today. Already our capital has reduced by £850 a year and continues to do so at an increasing rate. The situation in five years' time is unthinkable.

If you have a choice, hold on to your job at all costs. A person in a job can meet increasing charges. Someone on a fixed income cannot. John B. Francey,
59, Aytoun Drive,
Erskine, Renfrew.

Capital gains tax

From Mr A. Keay

Sir—It seems incredible that the long anticipated reform of capital gains tax has once again been shelved, possibly this time for good.

By delaying indexation until

1982, and basing the subsequent modest reforms on that year, the long term holder of assets acquired during the rampant inflation of the 1970s has been fobbed off with what is basically a capital levy.

Since there is a natural reluctance to incur such a levy, there must be many millions of pounds locked into state investments which might otherwise have provided some of the capital investment required for the new industries of the 1980s. It cannot be right to hinder the free flow of risk capital in this way.

A. D. J. Keay,
53, Cadogan Street, SW3.

Managed funds

From Mr J. English

Sir—I was most interested in the article by George Graham (April 13) headed "Managed funds have let the private investor down."

Any idiot can run a cluster of a dozen or more funds in the expectation that at least one will "beat the indices" and can be advertised while keeping mum about the others; but it is for some while that I have regarded the performance of "the managed fund" as the prime indicator of a group's "management ability."

If a group can't manage its own managed fund, can it even manage a wheel-stall? Its general management ability must at least be in question.

I have been told "it is unfair to look at the managed fund in isolation, or to compare it with the indices. It probably has a high proportion of bricks and mortar." If the managers have painted themselves into a corner with a lot of assets of which they cannot dispose, is this very brilliant "management?"

Am I being unfair in assessing a group's overall management ability in looking at the performance of its "managed fund?"

Jeffery English,
Hangovers,
Brookhurst, Hants.

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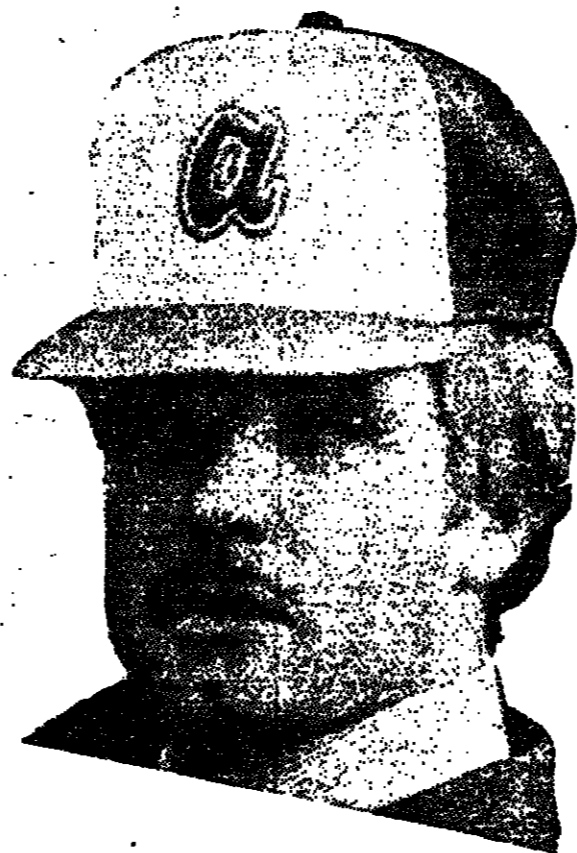
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Turner's bid for CBS

A maverick takes his biggest gamble yet

By Terry Dodsworth and Paul Taylor in New York



Ted Turner

Underlines the scepticism that some of the financial establishment has always had for Mr Turner's exploits. He is one of those businessmen whose personal life intrudes into almost everything he does.

The press cannot forget the picture of "Captain Courageous" scrambling around the floor in search of a drink which sent the cameras after a sailing victory. There have been similar episodes. One magazine once described him as "a charming and in corrigible wastrel who left behind him a trail of bottles, blondes, and outrage."

But shining through this maverick behaviour is an extraordinary businessman. His career has been marked by a succession of gambles, starting from the moment when he bought back his father's Savannah billboard company, which was in poor shape after being sold off to a business partner. He was only 24 at the time, recovering from a chequered start to life as a classics dropout from the Ivy-League Brown University.

His first expansion into television was considered as equally audacious. In 1970, he bought a failing Atlanta TV station for \$2.5m which initially at least confirmed all the worst fears of his business associates. But then came satellites—and Mr Turner was one of the first to spot the potential.

He decided to turn his re-named Atlanta television sta-

tion, WTBS, into a "super-station" which would beam its sports and family programming up to a satellite and back down to cable systems across the U.S. What Mr Turner was creating was the first-ever rival to the dominance of the three national broadcast television networks.

Initially, Mr Turner countered the networks' stranglehold over news coverage by running such programmes as "Star Trek" during peak viewing hours. But in 1980 he decided to confront his competitors head-on by creating his own cable news channel, a move which one disparaging Atlanta TV critic said was "like Atlanta the Hun deciding he is going to do a summer camp for the elderly."

It is still not clear whether the 24-hour-a-day Cable News Network (CNN) is an inspired innovation or a millstone around his company's neck. Despite winning plaudits from viewers, and professional broadcasters, CNN has been a tremendous drain on resources, with its international chain of bureaux costing an estimated \$50m a year to run. Since its inauguration, Turner Broadcasting has pumped over \$300m into the still-unprofitable venture, all but wiping out the profits generated by WTBS.

The finances of TBS, in which Mr Turner has a stake of around 80 per cent, have always looked shaky on paper. For years, as the company rushed forward with its headlong expansion, it has operated

at a loss, and last year it managed to rake up earnings of only \$10.1m on sales of \$282m.

In a prospectus to raise additional capital late last year, the company noted it had, "historically been unable to generate sufficient cash flow from operations to meet its needs."

The issue of shares through that offering gave the company a positive net worth for the first time in years. But even now, TBS is exceptionally highly geared, with long-term debt standing at \$175m against equity of \$28.5m.

While a balance sheet of this sort continues to raise some eyebrows on Wall Street, the financial structure that would emerge from his proposed offer for 67 per cent of CBS would make nervous investors' hair stand on end.

The all-paper bid, worth around \$155 a share according to Wall Street consensus, would create a mountain of debt. About \$2.5bn of it is in the form of corporate bonds yielding between 15 per cent and 16.25 per cent—at a time when top-quality corporate debt is yielding roughly 12.3 per cent.

These high-yielding, low-quality "junk bonds" are widely used in takeover bids, but rarely in such quantity. Moreover, the bid comes at a moment when federal officials have begun to express increasing concern about the future risks they imply.

Even Mr Turner recognises the risk of issuing such large volumes of high-yielding paper,

which he says will cost \$738.7m to service in 1986, rising to \$2.41bn by 1992. He acknowledges that this burden could threaten the very existence of his growing empire.

The bid will also face a formidable array of other hurdles, including the strident opposition of CBS management. The broadcasting group has already thrown up a series of anti-takeover barriers in the process of fighting off other critics and would-be predators. These range from the right-wing pressure group, Fairness in Media, which earlier this year launched a vicious attack on the company's "liberal bias," to Wall Street's most feared arbitrager, Mr Ivan Boesky.

Earlier this week, Mr Thomas Wyman, CBS chairman said that Mr Turner would not receive any warmer a welcome. Speaking at the 88-year-old company's annual meeting, he deliberately cast doubts on Mr Turner's integrity, saying that he did not think he was "moral" enough to run the network.

Slurs like this are unlikely to deter Mr Turner. The TBS chairman prides himself on his ability to think positively. "The greatest thing in this world is to be free of fear," he told journalists recently at a New York breakfast. "My father feared dying and when he had a nervous breakdown and thought he was going broke he ended up shooting himself. I have worked very hard to eliminate fear."

As the shuttle returns...

Houston shrugs off its setback in space

By Peter Marsh in Washington

AMERICA'S SPACE engineers were this week licking their wounds, after the failure of the space shuttle crew to revive a stricken satellite 250 km above the earth.

The drama of the past few days, enacted on millions of television screens around the world, cannot fail to harm the reputation of the U.S. shuttle fleet as a safe deliverer of satellites, as officials at NASA, the operator of the shuttles, are the first to acknowledge.

It may also lead to an increase in insurance rates for satellite launches and boost the fortunes of ArianeSpace, the French company selling the Ariane rockets developed by Western Europe.

But NASA engineers firmly believe that the episode, in which the Discovery shuttle made a rendezvous with the ailing Lesat, but failed to resuscitate it with a set of makeshift tools, will count for little in the long run.

The boost motor on Lesat failed to switch on properly after the craft had drifted out of Discovery's cargo area. It appears that a small lever that is supposed to spring out, starting a timing mechanism, had become jammed. "It seems so simple—it should have been foolproof," said a rueful NASA official at the agency's mission control in Houston.

"In the long march of history, you'll never remember this," said Mr Michael Weeks, NASA deputy associate administrator in charge of the shuttle system.

"The shuttle itself is proven again to be faultless. The fault was with the satellite. It is an avionics problem not a propulsion problem."

Engineers at Hughes, the maker of the satellite, say that an unknown fault on the vehicle stopped it switching on after Discovery jettisoned it into space last weekend.

Similar problems have occurred with three other satellites launched over the past two years by the U.S. fleet of three shuttles. In each case, the malfunction was due to rocket motors that are supposed to boost the satellites into the geostationary orbit 36,000 km up from the low orbit reached by the shuttle.

That apart, NASA officials continue to insist that the future for the shuttle system looks bright. Each mission—so far there have been 16—runs at a loss at the moment. Commercial fees from satellite owners are only a fraction of the \$50m that each flight costs. But that may be about to change.

Next year, according to Mr Weeks, NASA should start to make money on shuttle flights mainly because of a 100 per cent increase in the costs charged to customers, taking the fee for a one-tonne satellite to about \$22m per launch.

Nasa, however, is well aware

been good for NASA," said Mr Weeks, recruited to NASA six years ago from a career with industrial heavyweights, such as IBM, McDonnell Douglas and General Electric.

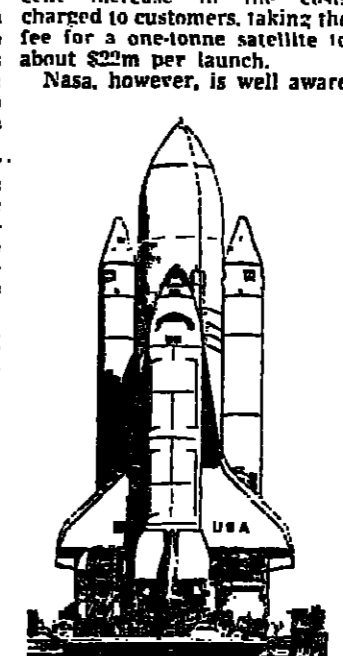
"It forces on government people who are not used to the commercial market place, what it's like to compete more vigorously. It helps us to get the fat out of our system."

For all the talk in the U.S. about privatisation, NASA is not thinking about turning over the shuttle fleet to the private sector, even when the vehicles are profitable.

"It strikes me as difficult," said Mr Weeks. "Would the U.S. public like us to hand over \$4bn (the cost of the shuttle system) of our assets to a corporation?"

"I believe that the Government has a proper role in operating the fleet."

In the long term, the shuttle vehicles, on which NASA has so far spent about \$11bn in development costs, are central to the agency's plan for the future, both for building a manned space station in the 1990s and then setting up either a moon base or a manned voyage to Mars after the year 2000.



The shuttles would act as cargo vehicles supplying the station, which would be in low orbit, about 300 km from the earth, and then launch a Mars would organise longer missions further into the solar system.

Mr Ivan Boesky, director of advanced programmes at NASA, said projects of this kind had popular support in the U.S., after a couple of decades in which the public became disillusioned with space activities.

"It's a new frontier and people will go into space for various reasons—to satisfy their intellects, or perhaps to make money. And there will be some who go because, as sure as hell, they want to do it."

"But don't try to justify going to the moon or Mars on an economic basis. If you try this, you are doomed to failure, or else you promise something that you can't deliver."

"The establishment of a human colony on Mars—you can't put a price tag on it."

that it does not have the market to itself. ArianeSpace, the French company, now has about half the market for launching geostationary satellites which now runs at about 15-20 a year. The French company has tried to capitalise on the shuttle problem by saying its vehicle is inherently a safer launch system than the shuttle. It is a charge that NASA people reject.

"If anything, the shuttle is better," says Mr Weeks. "Because we have men and women on board, we can take the satellite to low orbit, check them out, and if necessary, recover them. That is a significant advantage."

"The Ariane competition has

Weekend Brief

Carry me back to old Virginny

GETTING a ship ready for a maiden voyage is always a mariner's nightmare. When it is a sailing ship set for a three-month 6,000-mile trip without even an auxiliary engine and crewed by part-time sailors, you can double the nightmare.

This is why skipper George Ashley, a 52-year-old Virginian, isn't too happy about having visitors on board the good ship *Godspeed*. A lot has to be done before she sails from Blackwell in 10 days time in the wake of the original *Godspeed* which took some of the first English settlers to Virginia in 1606.

Why 6,000 miles? The *Godspeed's* original passengers didn't know exactly where they were going, so the voyage is far south past the Canaries, round the Caribbean islands.

The repeat voyage is surrounded by media razzamatazz which is why Captain Ashley had to let his crew, who might well have been working at the Gravesend mooring, appear in Jacobean costume to lay sprays of red and yellow tulips on the memorial to a Red Indian princess in a Kent churchyard.

The *Godspeed* was in the Gravesend churchyard of St George's.

Miss Peggy Lee sang: "Cap'n Smith and Pocahontas had a very mad affair, when her father tried to kill him she said Daddy, don't you dare, he gives me fever." This doesn't exactly jell with the historical facts of the original *Godspeed* which was in the Gravesend churchyard of St George's.



Godspeed on her trials

explorers.

She later married another young settler, became a Christian, went back to England with him and was presented to the King and Queen. She died of smallpox at the age of 22 on the eve of sailing back to Virginia from Gravesend.

So there Captain Ashley was, with Pocahontas, John Smith, and all the fleshpots of London beckoning as he tried to get shipshape for the big voyage.

He did allow us on board the *Godspeed*. The ice broke as he chatted about old voyages and his real life job, working at Nasa, working on technology aimed at setting up permanent stations in space and even talking of hopes for the future such as taking a replica voyage to New Zealand to commemorate Captain Cook in 1987.

"A very clever man, Cook," he says. "Discovered sauerkraut as a remedy for scurvy. But he wouldn't eat it. So he ordered it to be served on the officer's table and then the crew

wanted it too."

Godspeed will be at St Katherine's Dock by the Tower of London this weekend, sailing up to greet the crowds turning out for the London Marathon.

She was built from Georgia pine, is very small—68 ft with little room for the 14 crew, (picked from hundreds who applied) let alone the 40-odd settlers on the original voyage.

The voyage is arranged by America's Jamestown-Yorktown Foundation and the Suffolk-based Gosnold Society, with major sponsorship by City insurance brokers Willis Faber. About £100,000 of British money has come into it, rather more from America.

But the last word must go to the man in the boat who ferried those unwelcome visitors out to the *Godspeed* at Gravesend this week. "I'm taking the crew back and forth all day," he said. "I don't want to put them off, but all I tell them is 'You must be bloody bankers.'"

For VIPs or Very Important Pets

SOMEONE HAD to do it, somewhere. Oddly, it was not in Britain. The Dog Museum is on Madison Avenue, New York—the city which gave the English language the pooper-scooper.

The Dog Museum of America has been set up by the American Kennel Club. It is a well-kept secret; few New Yorkers have ever been there. Nevertheless, it proved easy enough to find for those interested in the current "Presidential Pets" show.

Animal companions of Presidents are, inevitably, a rich subject with a promising vein of humour. From the moment Lyndon Johnson picked up his wretched beagle by the ears the media has been watching, hawking, for another such gaffe. Him and Her, the Johnson beagles, were preceded by another highly-pedigreed beast, Richard Nixon's Chukers. More recently, the emphasis has shifted; Amy took the role of pet in the Carter household, in a double act with Miz Lillian. These days, President Reagan remembers the theatrical maxim about children and animals and keeps centre stage.

In the past, things were very different. The exhibition commemorates an Airdale (President Harding's) which had a chair at Cabinet meetings and was interviewed at length in Washington Star. The White House has been awarded a prize for Woodrow Wilson's sheep and President Taft's cow. Indoor staff during John Quincy Adams' term of office must have been taken back to find an alligator in the laundry room. (When the creature arrived, a logically enough—that the room would suit its need.) In Coolidge's day the White House was

"swamped with pets"—they included pygmy hippopotami.

Their pets are a means by which we can find out a little about presidents of the past for whom official biography or hagiography may have erased the odder quirks of personality. Their pets were not always chosen as such, as the alligator gift shows.

One attraction of pets for men in high office must be the fact that they have no concept of decorum or dignity. There are no fawning courtiers in this exhibition. Occasions when creatures failed to show respect interrupted by a stream of profanities screamed by a parrot.

Not surprisingly, perhaps, in view of his delight in big game hunting, Theodore Roosevelt introduced the most considerable menagerie to the White House, including the first horse to set foot inside the House—a teal Icelandic pony called Algonquin who joined sundry animals and a sizable party of snakes in the Presidential home.

In recent times, one is tempted to wonder whether image-building extended even to the household pets. Despite the fact that the Kennedys disliked dogs, there were deer and a fine German Shepherd dog to emphasise the elegance and good looks of that regime. Other pets performed more arduous duties. The Hardings, often incommunicado with one another, used Laddie Boy as an intermediary. Perhaps the most ironic and sad fate befell Abraham Lincoln's dog (of which an early photographic portrait remains) who was himself assassinated, one year after his master. Lincoln was also particularly fond of a pig, anticipating Orwell's conclusion that, without question, the pig is a superior creature.

From egghead to police chief

MIYAZAKI Prefecture may well be the birthplace of the first Japanese Emperor, Jimmu, 2,500 years ago. More recently it enjoyed a brief vogue as the nation's honeymoon capital, before the going got rich and discovered Hawaii. But to most of the national Japanese bureaucracy, the Foreign Ministry, the country's international eyes and ears, has become conscious of that its domestic power base was insufficient, that it needed, as Sato puts it, to "talk more" to the average Japanese.

The Policy Agency, hitherto parochial, was equally waking up to the need to broaden its horizons. After careful consultation, a bargain was struck: a Foreign Ministry man became Miyazaki's police chief, the first such secondment, while a former director-general of the Policy Agency was posted as Ambassador in Brussels.

Miyazaki was chosen, Sato explains, because it was a "relatively easy" job for a non-policeman. It lacked some of the complexities of big city law enforcement, it had a tradition of respect for authority exceptional even by Japanese standards, and it had a well-staffed and regarded local force.

Still, Sato set out to do something slightly different, though still very Japanese. "What I said to them was look, I know little of police work and you are the professionals. I will take full responsibility for what you do. You do your work in your own way and do not worry about the consequences." Yonetamari confirms that this mattered a lot to the average policeman, in a society where taking responsibility can often be a deterrent to doing what has to be done.

Sato insists he is "still an

amateur" and interferences little with actual cases, though he recalls settling one dispute between two detectives over whether or not to haul in a suspect for early questioning. But the techniques, some have said, have been paid dividends. He inherited four major unsolved murders and was quickly saddled with another; three of these are now off the books. Just last month another was solved within ten days by what he describes as "really solid police work."

A lot of Sato's time is spent with the men on the beat (there are no policewomen in conservative Miyazaki). He is determined to visit each of the 188 stations in his term of probably two years plus. He drinks with his men, celebrates with them and plays kendo—Japanese fencing—with them ("In my condition, judo would have been too rough"); and he wears his uniform almost all the time "to make it known that I feel I am a policeman and for them to have pride and identify with their uniform."

And his conversation is now peppered with observations that would never have found their way into an Adelphi Paper. On how to get parents involved to cut down on bicycle theft, on the need to keep Japanese gangsters on the run (Miyazaki only has about 180 of them and Sato has had half locked up, even if only for short terms). Yonetamari grunts his approval: "He would have made a good cop if he had started at the beginning."

Contributors

Alan Forrest
Gillian Darley
Jurek Martin

BUILDING SOCIETY RATES

	Share	Sub	Others
Abbey National	7.50	8.50	8.25 Seven-day account 8.25 Higher interest acct. 90 days' notice or charge 6.25-8.75 Cheque-Save
Aid to Thrift	9.50	—	— Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00 BankSave. Balance of £2,500. Current account. Bal. under £2,500, 9.00. Min. initial inv. £500
Anglia	8.25	9.25	10.00 Extra share, £500. Min. interest 9.50. Inv. wtd. 10.25 High Income Bond. Withdrawn after first year 10.00 Capital Share. No notice. 1 month's penalty
Barnsley	8.25	10.00	10.50 2-year termshare—3 months' notice 10.10 Spec. inv. (28 dys' not.). 10.10 Multy. inc. a/c
Bradford and Bingley	8.25	9.25	10.00 Premium access. On demand, no pen. £1,000+ 10.75 High Interest. 3 months' notice. 10.00 p.a. pen.
Bristol and West	8.25	9.25	9.50 Plus a/c £1,000+. No notice. No penalty 10.25 £20,000+. 10.00 £5,000+. 9.75 £1,000+. 7-day notice Triple Bonus. Also Monthly Income
Britannia	8.25	9.25	10.30 28 days' notice £10,000+
Cardiff	8.75	9.55	10.55 90 days' not. Penalty if balance under £10,000
Centenary	8.55	9.55	10.05 Extra share, £5,000+. 10.20 30 days' notice
Century (Edinburgh)	8.25	9.25	9.30 Guaranteed rate 2/3 yrs. (or variable account)
Chelsea	8.25	9.25	10.55 Immediate withdrawal. Int. pen. or 3 months' notice
Chesterham and Gloucester	—	9.25	10.25 Gold. No notice. No penalties. £500+. 10.25 Multy. int. £5,000+. 10.25 when mlt. int. added
Citizens Regency	8.25	9.75	10.75 7 days' notice. 10.00 1 month, 10.25 3 months
City of London (The)	8.50	9.75	10.75 21 days' not. Int. access for amounts over £5,000 9.75 7 days' not. Int. access for amounts over £5,000
Coventry	8.25	9.50	10.50 2-year bond £1,000+. Close 90 days' notice and penalty, monthly int. opt., guaranteed 2.25 diff. Money-maker inst. acc. on pen. 10.30 £20,000+. 10.05 £5,000+. 9.75 £1,000+. Monthly int. opt.
Derbyshire	8.25	9.50	10.25 2 y. 3 m. not. with pen. 9.50 no not./pn. m. inc.
Gateway	8.25	9.25	10.03 Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+. 10.50 if added to account
Greenwich	8.25	—	10.25 90-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.80 6 m. not. (£1,000 min.) easy acc. bal. £10,000+
Halifax	8.25	9.25	10.00 90-day Xtra. 90 days' notice, no penalty 10.25 Prem. Xtra (£10,000 min.) g'd 2pc diff. 3 yrs.
Heart of England	8.25	9.50	10.00 90-day notice, 9.50 5-day notice
Hemel Hempstead	8.25	9.75	10.50 90 days' notice. 10.25 60 days. 10.00 28 days
Hendon	8.25	9.75	10.10 7-day account. Minimum £500
Hertfordshire	8.25	11.55	10.25 90-day Xtra. 90 days' notice. 10.50 monthly income reinvested
Kendley and Rugby	8.40	9.50	9.80 7-d. a/c. 10.60 Magnam a/c 6 wks.-1.5% of int.
Lamington Spa	8.35	—	10.00 Spa mltly. income, no not., no penalty. £10,000 min. 10.50 High flyer, no notice, no penalty. £10,000 min.
Leeds and Holbeck	8.25	10.00	10.40 Supershare, no not., 14 days' pen. £2,000 min. 10.00 Monthly int., 10.25 28 days' not., 10.25 90 days' not.
Leeds Permanent	7.50	8.50	8.75 Liquid gold. No not. no pen. (8.00 on bal. of £2,500+) HRAS 10th issue 9.25 3 months' not.
Leicester	8.25	9.25	9.80 £500+ inv. wtd. no pn. 10.51 c. m. 1 yr. £2,000+
London Permanent	8.75	—	10.25 60 d. not. or imm. wtd. no pn. If bal. £7,500+
Midshires	8.25	—	10.50 1 yr. term. 2.25% diff. guaranteed. 3 m. notice or pen.
Mornington	9.05	7.80	9.05 £2K, 9.25 £2K+, 9.35 £10K+, 9.5 £20K+ £2K—
National Counties	9.55	9.80	10.55 90 days' notice, no penalty. £1,000+
National and Provincial	8.25	9.25	10.50 APEX (+2.25pc grd. 3 yrs.) inv. wtd. 60 d. pen. 10.00 90 days' notice/pen. unless bal. stays £10,000+
Nationwide	8.25	9.25	10.00 Capital bonds, 3 yrs., 80 days' notice/penalty 10.00 Bonus-90, 90 days' notice/penalty
Newcastle	8.25	9.50	9.75 Super bonus, 28 days' notice/penalty 9.50 Bonus-7, 7 days' notice/penalty
Northern Rock	8.25	9.50	10.05 60 days' not. 9.75 28 days' not.; 9.25 7 days' not.
Norwich	8.25	9.50	10.25 Money-spinner plus £20,000 or more
Peckham	8.90	—	9.75 Money-spinner plus £500 or more
Peterborough	8.25	9.55	9.80 7-d. share/monthly inc. opt. 10.00 on £10,000+
Portman	7.50	8.25	9.90/10.40 Imm. wtd. if over £2,000. Monthly income
Portsmouth	8.40	9.90	10.25 Flexi-plus 60 days' notice monthly income
Property Owners	8.75	10.25	8.10 Flexi-plus. Minimum £500. No notice imm. wtd.
Scarborough	8.25	9.50	9.50 Prem. Inv. 10.55 3-year, 10.35 90-day, 10.10 30-day
Skipton	8.25	9.50	10.25 3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac.
Stroud	8.25	9.50	10.25 2-yr. limited share, 1.75 guaranteed differential 10.00 Sovereign £10,000+ instant access—no penalty 10.00 5yrs. £500-9,999 mltly. inc.—min. inv. £2,500
Sussex County	8.25	9.70	9.50 2-year term: notice accounts with monthly income option 10.00 90-days' notice 10.25 28-day
Sussex Mutual	7.75	8.00	9.15 2-year term. 9.80 Sussex high. 10.30 90-day
Thrift	8.50	—	9.50 2-year term. Other accounts available
Town and Country	8.25	—	10.50 7.00 Moneywise chq./Visa. Int. varies w. bal. acc. 10.50 3-year term. Monthly inc. £1,000+. Wtd. avail. 9.75 Supershare. Immed. wtd. No pn. Imm. £500
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	10.25 Prime—no notice, no penalty, minimum £500
Yorkshire	8.25	9.25	9.25 Monthly income shares, 28 days' notice 10.00 Capital, 90 days' notice/penalty
All these % rates are after basic rate tax liability has been settled on behalf of the investor.			

Hammerson profits up 24% and portfolio at £1.4bn

Hammerson Properties yesterday reported a further increase in profits with the pre-tax result for 1984 showing a rise of 24 per cent from £28.9m to £35.3m.

Over the past five years profits have more than quadrupled from 1979's £7.6m and the dividend has been raised in each successive year. The current final dividend is up from an equivalent 6p to 8.5p, which in effect raises the total distribution by 1p to 8.5p.

Last year also saw a £451m increase in the value of Hammerson's investment property portfolio, which stood at £1.43bn at the year end giving a net asset value per 25p share of 602p, against 520p a year previously.

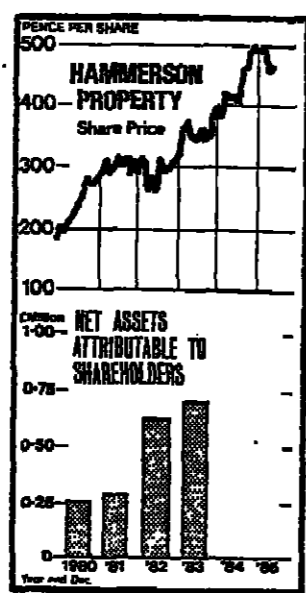
At half-year pre-tax profits were up by £3.8m to £15.39m.

Full-year earnings per share rose from an adjusted 12.89p to 14.31p after tax up at £11.15m against £8.69m, reflecting higher overseas tax and ACT written off there were minorities of £1.09m (£0.67m) and extraordinary credits of £1.21m (£0.5m).

The taxable result was attained on gross rental income of £104.95m, compared with £74.75m, and included property trading profits £0.2m higher at £2.12m.

After all charges the retained balance amounted to £12.66m (£10.97m).

Hammerson UK Properties made £6.37m (£2.74m) pre-tax on



Gross rental income of £28.23m (£23.5m)

Over one-third of Hammerson's total portfolio is now located in Canada following the recent acquisition for £59m of Rank Organisation's Canadian property interests.

The portfolio comprises five properties and in the year to October 1984 they contributed £37.3m (£4.2m at current rates) to Rank's group profits.

Last year, Hammerson paid £47m for Mascon Corporation, in October 1984, Hammerson

refinanced some of its Canadian floating rate debt with a pre-ferred share issue raising up to £87m (£47m at prevailing rates) for its subsidiary, Hammerson Canada.

comment

This is the first time for some years that Hammerson has fallen below 30 pence in its year-on-year rate of profits increase, but that is no real cause for concern. Currency movements were less beneficial than they have been in the past, and the early 80s was also a period when the group was acquiring interests in other property companies which showed an above-average rate of increase. This has now virtually ceased, and group operations now have to generate profits on their own merits. Congratulations are in order for the Mascon performance, which accounted for more than half of the sizeable rise in gross rental income. It will still take a couple of years for this to feed through to the trading level, but in the meantime Hammerson has an attractive operation in downtown Los Angeles which should stand it in good stead and promises to maintain its bullish approach in North America. Acquisitions in fact are on the cards in any part of the world, but investors can forget Australia, currently something of a bed of nails. The shares rose 5p yesterday to 460p for a yield of 2.6 per cent — low for the property sector.

Grampian raising £3.5m via rights

By Terry Garrett

A RIGHTS issue to raise £3.5m has been launched by Grampian Holdings, a Glasgow-based group with its roots in the transport sector which has diversified into retail, sporting goods and veterinary pharmaceuticals.

Shareholders are being asked to back a one-for-one issue at 102p per share so that the company can further expand its non-transport activities to lessen the importance of what it describes as a mature business. In the market the shares slipped back 3p from the 1983 high of 125p.

Mr David McClellan, Grampian's finance director, said yesterday that the company is keen to expand its retail presence. Currently there are 21 outlets, 13 in high street sites, with the balance in what he describes as "mill complexes". These are centres where the clothing shops, selling traditional ladies' wools and fashionwear, are complemented by restaurants and services to attract tourists. In Scotland it has four outlets in England so far — all typical town centre shops.

He also sees scope to increase the range of sporting goods and to develop product licences for the pharmaceutical division. The group has felt inhibited in its development of these activities by the seasonal nature of its retail and sporting goods divisions.

Through borrowings in the December 1984 balance sheet stand at just under £6m, 59 per cent of the £10.2m fund against 69 per cent a year before — at the summer peak debt rises to £8m or £9m.

No profits forecast is made at this stage but the directors report an encouraging trading performance from all four divisions in the first quarter. In 1984 pre-tax profits were £1.72m. A 5.5p share dividend is predicted for 1985, a rise of 10 per cent.

The issue is underwritten by N. M. Rothschild and brokers are Cazenove.

Garfunkels 54% higher at £2.1m

INCLUDING THE results of Strikes Restaurants for both periods, sales and profits of the Garfunkels group, a member of the USM, advanced by 39.8 per cent and 53.8 per cent respectively in 1984. Sales were up from £12.94m to £18.1m and profits from £1.37m to £2.1m.

The final dividend is 0.87p on not the year, compared to an effective 1.12p. Waivers have been received in respect of £42,000. There is proposed a 1-for-1 scrip issue.

The directors say the conversion of Strikes restaurants is proceeding as planned, and over 50 per cent are completed or near completion. Four further premises were acquired during 1985 bringing the total restaurants in the group to 55.

Early indications are that 1985 will be another good year. The 1984 profit was shown after loss on Strikes activities not acquired £72,000 (profit £3,000) and Strikes profit sharing schemes £32,000 (nil). Garfunkels lifted its pre-tax profit from £756,000 to £1,69m.

After a £435,000 (£210,000) dividend, the group's profit after tax was £1,260,000 (£2,000) and pre-acquisition profits £38,000 (£11,000). The profit attributable came to £1.1m (£1.2m). Earnings are shown at 12.32p (9.73p) per share.

Wm Low seeks £15m for expansion

RECORD SALES of £100.26m and profits of £2.88m have been achieved by the Wm Low group of supermarkets and freezer centres in the 28 weeks ending March 16 1985, despite having to allow for losses and interest charges at recent acquisition, Laws Stores.

And the directors are looking to the future with confidence. They expect the growth of Low to continue and await the full year's contribution from Laws, where losses have been quickly brought under control. They are planning to create further selling area and are seeking to raise nearly £15m by a 3-for-10 underwritten rights issue at 815p per share.

In the absence of unforeseen circumstances they are forecasting a profit before tax for the full year ending September 7 1985 of not less than £6.1m, compared with £5.1m for 1983-84. They are raising the interim dividend from 2.5p to 4p, and expect to pay a final of not less than 8p (7.1p) on the enlarged capital.

The profit forecast includes a net gain on sales of assets of £80,000 (£16,000), a net loss of £975,000 attributable to Laws including interest on the cash

and loan element of the purchase consideration, and a reduction in interest costs of £475,000 during the final 14 weeks of the year arising from the rights issue proceeds.

The directors say the present development programme can be funded largely through cash flow with the balance coming from borrowings. But to take full advantage of the further opportunities they see ahead, they believe it is necessary to enlarge the company's equity capital base.

In the short-term, proceeds from the issue will reduce borrowings, now standing at some £15m, and interest charges. On the basis of existing commitments and negotiations which are at an advanced stage, Low plans to spend up to £14.5m on the creation of up to 95,000 sq ft of additional net selling space through the opening of new stores and extensions to existing units.

In addition, the directors believe that further opportunities to develop new stores in both Scotland and the North of England will emerge over the next 12 months.

The sales and profits for the interim period show increases of

25.5 per cent and 23.6 per cent over the respective £79.6m and £2.33m figures recorded for 28 weeks of 1983-84. The current year figures reflect, in particular, the steadily increasing contribution from the newer and larger units, this continuing strength of the fresh food operations, and efficient cost control.

All these, say the directors, have helped to achieve a further increase in the trading margin to 3.8 per cent (2.2 per cent), excluding Laws. They believe the overall potential of Laws is greater than expected at the time of acquisition.

After allowing for a £61,000 loss at Laws, the operating profit for the period came to £3.4m (£2.68m). Interest charges cost £255,000 (£280,000) for the group and £133,000 attributable to Laws, and there is a gain on sale of £131,000 this time. Tax absorbs £1.33m (£1.12m) to leave earnings per share up from 13.1p to 17.3p. In view of Laws' past losses the average group tax rate for the next few years is expected to be lower than normal.

Laws was acquired on January 11 of this year. For the period April 8, 1984 to January 11 it incurred a loss before tax of £655,000, before allowing for

extraordinary costs of £350,000 which have been provided prior to acquisition in respect of reorganisation expenses arising from the acquisition.

comment

Wm Low are in an expansive mood. In January they paid £7m (£4 in shares) for Laws Stores of Gateshead, an exciting itself firmly south of the border. Over the next two years the plan is to spend £14.5m on new outlets which will add a net 90,000 sq ft to the group's total selling area of 620,000 sq ft, mostly in the Scottish core area. The three for 10 rights issue is clearly designed to aid cash flow through the expansion phase and reduce gearing, which is currently a high 85 per cent. Given the expectation that Laws will be traded at a profit by September (and that any contribution it makes will be tax free) the analysts feel that the company's forecast full year profits of £6.1m is a little on the modest side and that perhaps another £1m should be looked for. The 21m p/e is almost 19 on 620p — by no means high for the sector with the outlook for Low in 1985-86 being very good. The prospective yield is 2.73 per cent, a bit above the sector norm.

Fleming launches venture fund

MERCHANT bankers Robert Fleming have raised £20m to invest in a Jersey-based venture capital fund specialising in British high technology companies.

The fund, Fleming Ventures Ltd, is managed by Mr Peter Magill and Mr Bernard Fairman, both former investment managers with 3i Ventures. They have a 13.3 per cent carried interest in the fund, with another 6.7 per cent going to Robert Fleming.

They expect the fund, which will be wound up in 1996, to be fully invested within five years.

Two investments have already been made: £750,000 in Integrated Power Semiconductors, a Scottish semiconductor maker, and £250,000 in Delfield Digital, a Stroud-based electronic telephone exchange producer.

The fund will have an emphasis on start-ups in the UK, although up to 25 per cent of the portfolio will be invested in the U.S. in syndicated deals. It will pursue a U.S.-style "hands on" management approach, whereby the investment managers will aim to contribute technical, marketing and financial skills to their companies.

The sectors on which it will concentrate include electronic components, semiconductors, telecommunications, office automation, microprocessor technology. It has attracted 33 institutional investors from the UK and overseas, with £2m coming from Japanese companies.

Robert Fleming already runs two venture capital funds in the U.S. and Japan.

This is the latest in a series of large capital raising exercises by venture companies. Since the turn of the year, Advent Capital has raised £20m, Henry Schroder Wager £20m, and Baroness Associates £22m.

Gable House up 48%

Gable House Properties has announced a 48 per cent increase in profits at the pre-tax level in its first results since being granted a full listing last November.

For the six months to end December 1984 this London-based property development group achieved profits of £316,039 compared with £213,119 previously, on a turnover ahead by £178,425 at £2.25m.

The interim dividend is lifted to 1.25p (1p). Last year a total of 2.3p was paid on profits of £871,178. Stated net earnings for this half are 3.4p higher at 3.4p (2.7p). The directors are confident that profits for the year to end July 1985 will "satisfactorily exceed" last year's figure.

They say that the construction of Park Saint James is progressing well. Two further sales were effected during the six-month period, totalling £1.08m, and since December contracts have been exchanged on two more apartments, totalling £70,000.

The group has acquired a number of properties for future refurbishment or redevelopment, and the directors report another period of full cash interest, successful trading at The Mall antiques parade, and the purchase of a private company, Cabandale, which owns The Lamb antiques arcade in Wallingford.

BET offer unconditional

BET, the laundry and services group, yesterday declared its bid for Initial wholly unconditional, after withdrawing its earlier offer of 75 per cent of Initial shareholders at the first closing date.

Initial shareholders, given the option of mixing the proportion of cash and shares offered in the original bid terms of 14 BET deferred plus 13.50 cash for every 10 Initial shares, have elected for extra shares by more than two to one.

BET will therefore provide 18.7 BET shares for every 10 Initial. Those opting for cash will be scaled down on the basis of three BET shares and £44.75 in cash for every 10 Initial.

GRA plans £11m sale of Slough site to Dee

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

GRA Group plans to sell most of the Slough greyhound stadium site to Dee Corporation for £11m. The retail group intends to build a superstore on the land.

GRA said yesterday that the deal was conditional upon planning consent being given for the proposal. The GRA directors say that, if planning is forthcoming, the price being offered by Dee is such that the retention of the stadium for greyhound racing cannot be justified.

GRA, which last year sold White City stadium to Stock Conversion and has also entered

into a conditional agreement to sell most of Harringay stadium to J. Sainsbury for £10.5m, says the net book value of the land and buildings at Slough is £1.9m. Net profits of the stadium in 1984 were £160,000.

The directors say that if the sale goes ahead, the funds raised would be invested in the existing business, particularly in the modernisation and improvement of the remaining stadium.

GRA yesterday announced turnover for the year ended October 1984 of £10.84m (£11.31m). Pre-tax profits reached £377,000 (£395,000).

Masters sells 8% of Pineapple

BY MARTIN DICKSON

Mr Norris Masters, the co-founder of Pineapple Dance Studios who resigned last week as a director of the company, has sold an 8.1 per cent stake in the dance studio chain (Burma), taking its shareholding up to 27.64 per cent. Mr Masters retains 5.45 per cent.

Mr Masters is the estranged husband of Pineapple's chairman, Ms Debbie Moore, and his resignation caused a dip in the company's share price at the start of the week. However, the price recovered after Ms Moore said her husband had not been involved in the day-to-day running of the business for nine months and intended to retain

his shareholding in the company. Midlands, Pineapple's largest shareholder, is a Montreal-quoted investment associate of Hawley Group and British Car Auctions, and Benson & Sons, the car hire and rental company, on behalf of Equity Trust.

It said yesterday it did not intend to increase its stake in Pineapple and might "under appropriate conditions, take the opportunity in future to reduce its stake in its previous investment level."

Mr Masters has told Pineapple he intends to retain his 5.45 per cent stake for the foreseeable future.

A bigger slice of Pineapple, Page 7

JSD Computer shows upturn

IMPROVEMENT IN gross margins, a cut in overhead costs and growth in all geographical areas, particularly America, have enabled the JSD Computer Group International to lift its profit from £40,000 to £408,000 in 1984. The group provides contract and permanent computer personnel.

Mr R. M. Jenner, chairman of this USM company, says the imbalance between the supply of experienced computer personnel and the demand still exists, and in the directors' opinion the gap "is now even wider." The imbalance is now wide.

He says the possibilities for organic growth are "almost

infinite." The Aberdeen office opened in February and plans are advanced for a third U.S. office to open in January.

An association has been established with a similar company in Australia, and it is envisaged that similar relationships be developed elsewhere. These associations will help the group to recruit for its U.S. operation in particular.

The U.S. was the major growth area in 1984, although there was assistance from the declining strength of sterling. That area contributed 38 (23) per cent of turnover, and its revenue increased from £1.3m to £2.8m.

Overseas trading increased from £2.5m to £4.1m, and represented 57 per cent of the year's

total trading, against 46 per cent previously.

Group turnover for the year advanced from £9.39m to £7.1m. Stated earnings made £1.88m to £2.17m. Operating surplus was £462,000 (£59,000). Gross margin increased from 30.2 per cent to 30.6 per cent and overhead costs decreased as a percentage of turnover from 28.5 per cent to 28.3 per cent.

Two major areas of concern the directors noted in the 1983 report.

Tax takes £180,000 (credit £13,000) and last time there was an extraordinary debit of £9,000. Earnings are shown at 4.2p (1p) per share, and a final dividend of 1.3p lifts the total to 1.5p net (0.7p).

Prestwick and Asda Properties oversubscribed

THE TWO offers for sales by Prestwick Holdings and Asda Property Holdings closed on Thursday and were oversubscribed.

Charterhouse Japhet announced that the 7.25m shares offered in printed circuit board manufacturer Prestwick Holdings at a fixed price of 100p has been four times subscribed.

The shares are to be allotted on a roughly one-for-four basis for applications of less than 10,000 with the larger amounts being supplied on a pro-rata basis from 22 per cent of the total placing.

The 7.25m shares, 5m were newly issued and from these, net of expenses, the company will receive £4.35m. Dealings in the shares will start on April 25. Asda also announced the result of its applications count yesterday. For the 3.15m shares at 20p each there was a total of 8,661m shares applied for — that is a 2.75 times oversubscription rate. Dealings are to start from April 24.

Improvement at Talbex

Talbex Group made pre-tax profits of £32,000 in the six months to end-January 1985, compared with £9,000. Sales moved ahead by £4.1m to £6.93m.

Mr David Green, the chairman of this industrial holding company with interests in aerosol products, chemicals and rubber mouldings, says the results are encouraging, and the directors anticipate continued profitable trading in the second half.

The pattern of profitability is similar to the previous year, he says, with Osmond Aerosols con-

tributing the bulk of profits. Textino, a distributor of industrial hygiene products, continues to operate profitably, and Haventral, supplier of domestic aerosol products, is now breaking even.

Castle Rubber, however, is still finding market conditions difficult, suffering a small trading loss in the period. The chairman says that steps are being taken to improve its results.

The second half has provided a 0.33p (0.04p) before extraordinary items, and 0.27p (0.14p) after. There was no tax charge. No dividends have been paid since 1979.

J. E. England back in profit

Results for 1984 from J. E. England & Sons (Wellington), produce supplier and convenience food merchant, have followed the pattern forecast. The second half has provided a profit of £36,786, which is sufficient to eliminate the half-year loss and leave a surplus of £17,031 over the year. This compares with a loss of £165,889 in 1983, and a £145,000 in the preceding year.

The directors remain "cautiously optimistic" for the future, but still expect the seasonal nature of part of the business to result in greater profits for the second half than for the first.

During the year the production of high quality speciality food products was transferred to a modern factory in Wrexham. This gave increased production facilities and sales in the year. The company is beginning to take up this capacity.

RESULTS DUE NEXT WEEK

Analysts write down £295m quarterly estimate for ICI

THE GLAMOUR of being the first non-oil company through the £1bn pre-tax profit level last year, ICI sets back to the more mundane world of quarterly results on Thursday. The chairman was modestly pleased with the current performance when he announced the further rise in sales and profits seem to have gone well for the group since then.

Petrochemicals and plastics, the engine behind the drive to £1bn, have performed well, and there has been some improvement in commodity prices and volumes. Agriculture was dull in the early part of 1985, but should have picked up in March.

A couple of flies in the ointment could well be the colours division, which was disappointing throughout last year and could conceivably fall into the red, and the great imponderable, currency rates.

Some analysts have written down earlier forecasts of £295m because of a possible currency loss on export debtors and other currency transactions, particularly relating to the heating acquisition in February. But ICI will of course have hedged to the best of its ability. Most expect around £280m, well on the way to another £1bn plus year.

Blue Circle rights

Blue Circle Industries is grappling with its borrowings and a credibility problem, with the market speculating that a rights issue may be announced alongside the full year results on Thursday.

The group's overseas units have been spending heavily and the recent acquisition of Atlantic Cement, the U.S. milling company, for \$181m has probably taken the gearing over 40

per cent. Blocked from a share placement until formal approval comes through in May for the Atlantic purchase, the company, so some observers feel, it will go for a one-for-four or five rights to get the gearing down under 30 per cent.

The possibility of such action is now overshadowing the results prospects — the market is expecting no real gains on last year's £109.5m pre-tax but analysts freely admit to being unsure as to how to unravel the currency effect on a business as widespread as Blue Circle —

some two-thirds of turnover is outside the UK.

Supporting the belief that a rights issue would be unpopular at this time has to be the low multiple and the fact that the shares are presently trading at a heavy discount to the £5 a share net asset value (as of end 1983) — even more if market rather than book values were used.

The patient shareholders must also be waiting for the earnings to start coming through from the major investments made over the last five years and will surely

not welcome any financing package that dilutes those returns.

Wimpey's £57m

The story at Wimpey is very one of exceptional property sales gains holding up earnings while the underlying business is doing very little to inspire fresh faith. In 1983 exceptional contracting losses of £42m were almost exactly offset by exceptional gains from property sales of £42.1m — leaving pre-tax profits down marginally at £45m.

On Thursday the picture as far as the underlying trend is concerned is expected by the market to be much the same (it could even be down on 1983) while the £17m expected from property sales will push the earnings up to the £57m mark for the year.

All of this assumes that there will be no repeat this time of the exceptional contracts losses — if there is then the new management under Mr Cliff Chetwood will have some questions to answer.

The rise in interest rates has hit house sales although comple-

tions for 1984 are expected to be ahead 7 per cent to 10,000. The rest of Wimpey's UK activities remain fairly stagnant.

John Laing steady

At John Laing on Wednesday, the market is expecting the benefits of a steady performance from UK contracting, the underlying improvement in housing and a £8m contribution from earnings on the group's cash balance to see pre-tax profits reach £30m against the £23.8m in 1983.

In the UK, contracting should contribute £12m — a steady return in an increasingly difficult area. What will make the difference this time round — with most other factors being fairly equal — is the return to profits expected from the overseas contracting side.

In 1983, losses in Spain and payment delays in the Middle East led overseas contracting into the red to the tune of £2.6m pre-tax. For 1984 a profit of the same order, £2.5m, is being looked for from this division, although there must be some uncertainty over the exact level of returns from both the Baghdad and the Spanish contracts.

Bank of Scotland

The consensus is that Bank of Scotland, now rid of its Barclays connection, will report around £77m pre-tax profits for the full year on Monday, with some analysts going as far as to suggest £80m, which is asking a lot.

The lower estimate would represent an increase of 30 per cent over the year, a rate of increase which only NatWest equaled in 1984.

Contributors: Frank Kane and Terry Povey

COMPANY NEWS IN BRIEF

Bidders for the 23.7 per cent stake held by Equity Trust in Stock Conversion, the property development and investment group, will have to wait a few more days to see who has been successful.

It is understood that De Zoete and Benson, the brokers, are on behalf of Equity Trust have asked interested parties for further clarification of their individual bids and that a decision might not be made until the last day of next week.

The new owner of the Equity Trust share is likely to make a full-scale bid for ownership of Stock Conversion.

CU Industries, which had its £25m bid for Barry lapse earlier this week, has lifted its stake in the sun-roof and car components group from 27.4 per cent to 29.3 per cent.

For the six months to January 31 1985, Wade Potteries raised its pre-tax profits from £388,265 to £598,400. The interim dividend is being increased by 0.4p to 1p net.

All companies within the group are trading profitably and the directors hope this trend will continue, helped by the widening of the product base. Sales for the six months totalled £7.61m (£6.61m). Tax took £23,632 (£127,490).

Highland Electronics Group nearly doubled its interim pre-tax profits from £262,000 to £503,000 and expects a full year outcome in excess of £1m.

Turnover for the six months to October 31 1984 rose from £5.22m to £5.68m. Highland is a manufacturer of electronic components.

An interim dividend of 1p (nil) is being paid — last year's was 1.8p with pre-tax profits at £680,000.

United Parcels, the express carrier, experienced a fall in pre-tax profits from £7.7m to £7.07m in 1984 reflecting "the ferocity of competition throughout

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous

The dollar finished above the day's lows in currency markets yesterday but was still down from Thursday's level. The market was still showing signs of shock after the recent sharp decline in the dollar's value, amid growing evidence that the pace of U.S. economic growth is slowing and that U.S. interest rates are likely to ease. The dollar closed at DM 2.9730 from DM 2.9645 and ¥247.10 from ¥247.90. It was also lower in terms of the Swiss franc at Sfr 2.4705 from Sfr 2.4665 and Ffr 9.08 compared with Ffr 9.12. On Bank of England figures, its index fell to 142.7 from 143.0, its lowest level this year.

Sterling was slightly weaker on the day with its index closing at 78.5 down from 78.8. Trading was confined to a fairly narrow

£ IN NEW YORK

Apr 19	prev. close
£ spot	1.5294-1.5298
1 month	1.5294-1.5298
3 months	1.5294-1.5298
6 months	1.5294-1.5298
12 months	1.5294-1.5298

OTHER CURRENCIES

Apr. 19	\$	£	Note Rates	
Argentina Peso	580.45-581.50	402.88-403.01	Austria	25.90-27.80
Australia Dollar	1.8995-1.8998	1.5480-1.5500	Belgium	77.75-78.55
Brazil Cruzeiro	1.658-1.658	4.770-4.780	Denmark	15.78-15.92
Canada Dollar	1.0000-1.0000	0.7500-0.7500	France	11.70-11.90
Deutsche Mark	1.0000-1.0000	1.0000-1.0000	Germany	1.0000-1.0000
Hong Kong Dollar	1.0000-1.0000	1.0000-1.0000	Italy	1.0000-1.0000
Indian Rupee	1.0000-1.0000	1.0000-1.0000	Japan	1.0000-1.0000
Kuwait Dinar	1.0000-1.0000	1.0000-1.0000	Netherlands	1.0000-1.0000
Libyan Dinar	1.0000-1.0000	1.0000-1.0000	Norway	1.0000-1.0000
Malaysian Ringgit	1.0000-1.0000	1.0000-1.0000	Sweden	1.0000-1.0000
Mexican Peso	1.0000-1.0000	1.0000-1.0000	Switzerland	1.0000-1.0000
New Zealand Dollar	1.0000-1.0000	1.0000-1.0000	U.S. Dollar	1.0000-1.0000
Philippine Peso	1.0000-1.0000	1.0000-1.0000	Yugoslavia	1.0000-1.0000
Saudi Riyal	1.0000-1.0000	1.0000-1.0000		
Singapore Dollar	1.0000-1.0000	1.0000-1.0000		
South African Rand	1.0000-1.0000	1.0000-1.0000		
Taiwan Dollar	1.0000-1.0000	1.0000-1.0000		
U.A.E. Dirham	1.0000-1.0000	1.0000-1.0000		

EXCHANGE CROSS RATES

Apr. 19	£	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	1.5294	3.455	11.76	5.118	4.355	1.748	77.75	77.75
U.S. Dollar	0.6545	1.0000	2.488	8.000	6.559	5.336	2.063	60.10	60.10
Deutsche Mark	0.2923	0.4061	1.0000	3.005	0.833	1.131	0.454	20.82	20.82
Japanese Yen	0.1219	1.0000	12.000	1.000	0.899	1.588	0.495	24.53	24.53
French Franc	0.1523	0.1523	1.0000	2.700	1.000	0.899	1.485	65.13	65.13
Dutch Guilder	0.1836	0.1836	0.1836	1.000	0.734	1.000	0.401	17.85	17.85
Italian Lira	0.0020	0.0020	0.0020	0.0020	1.000	0.709	1.000	31.54	31.54
Canada Dollar	0.7700	0.7700	0.7700	1.000	1.000	1.000	1.000	1.000	1.000
Belgian Franc	0.0163	0.0163	0.0163	0.0163	0.0163	0.0163	0.0163	1.000	1.000

STERLING INDEX

Apr 19	Previous
8.30 am	78.5
9.00 am	78.4
10.00 am	78.3
11.00 am	78.3
Noon	78.4

POUND SPOT-FORWARD AGAINST POUND

Apr 19	Day's spread	Close	One month	% Three months	% Six months	% One year
U.S.	1.5294-1.5298	1.5294-1.5298	0.45-0.45 pm	4.13	1.18-1.18 pm	3.57
Canada	1.7480-1.7480	1.7480-1.7480	0.45-0.45 pm	4.51	1.02-1.02 pm	3.89
Deutsche	3.455-3.455	3.455-3.455	0.45-0.45 pm	4.51	0.70-0.70 pm	1.17
France	5.118-5.118	5.118-5.118	0.45-0.45 pm	1.62	1.50-1.50 pm	1.76
Italy	1.748-1.748	1.748-1.748	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Japan	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Netherlands	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Norway	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Sweden	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Switzerland	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
U.K.	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Apr 19	Day's spread	Close	One month	% Three months	% Six months	% One year
U.K.	1.5294-1.5298	1.5294-1.5298	0.45-0.45 pm	4.13	1.18-1.18 pm	3.57
Canada	1.7480-1.7480	1.7480-1.7480	0.45-0.45 pm	4.51	1.02-1.02 pm	3.89
Deutsche	3.455-3.455	3.455-3.455	0.45-0.45 pm	4.51	0.70-0.70 pm	1.17
France	5.118-5.118	5.118-5.118	0.45-0.45 pm	1.62	1.50-1.50 pm	1.76
Italy	1.748-1.748	1.748-1.748	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Japan	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Netherlands	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Norway	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Sweden	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
Switzerland	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07
U.K.	1.0000-1.0000	1.0000-1.0000	0.45-0.45 pm	1.24	1.10-1.10 pm	1.07

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Change of week	Year ago	1988	
				High	Low
METALS					
Aluminium					
Free Markets a.f.s.	\$1180-1170	-30	\$1430-1470	\$1184-1210	1088-1111
Free Markets a.f.s.	2160	—	—	—	—
Free Market 98.62	\$2800-2860	-100	\$2830-2860	\$2471-2610	2850-2860
Copper-Cash High Grade	\$1160	—	\$1101-1080	\$1200-1160	1110-1105
Copper-Cash 100% P.G.	\$1141.5	-58	\$1118.50-1120	\$1217.50	1121.5
Gold per ounce	\$287.25	-1.75	\$286	\$283	282.75
Lead per tonne	\$282.5	-1	\$282.75	\$282.5	—
Lead Cash	\$282.25	-11	\$284.85	\$282.5	2280.25
Nickel					
Free Markets a.f.s.	\$428-425	-4	\$17-57	\$430-435	\$13-450
Free Markets a.f.s.	\$111.50	-4.5	\$160.25	\$138.65	\$110.35
Platinum per oz.	\$886.75	-14	\$239.95	\$880	\$920
Quicksilver (35 lbs)	\$380-380	—	\$51-510	\$100	\$380-380
Silver per ounce	30.45	-35.45	\$51-510	\$76.90	128.45
5 months per oz.	509.45	-28.15	\$266.30	\$590	800.45
3 months per oz.	\$3317.5	-40	\$2861.5	\$1267.5	3171.5
Tin cash	\$2500	-100	\$2807.5	\$1233.5	\$2898.5
Tungsten 100	\$77.70	—	\$85.51	\$83.95	87.68
Wolfram (35.04 lbs)	\$747.8	—	\$94.65	\$76.70	94.65
Zinc cash	\$250	-24	\$218.75	\$244.5	\$268.5
5 months	\$268	-25.5	\$206.75	\$238.5	\$2651.5
Producers	\$850	—	\$1,061.00	\$890	\$900
GRAINS					
Barley French	\$38.70t	+0.05	\$10.95	\$117.40	\$38.40
Maize French	\$151.00	—	\$147.50	\$151.50	\$146.50
WHEAT Futures	\$124.30	-0.50	\$129.30	\$124.95	\$125.00
SPICES					
Cloves	\$2.80	—	\$8.40	\$4.80	\$2.80
Pepper white	\$2.90	+200	\$5.00	\$2.00	\$2.90
black	\$2.150	+200	\$1.80	\$2.100	\$3.150
OILS					
Coconut (Philippines)	—	—	—	\$680	\$730
Palm Malaysian	—	—	—	\$650	\$658
Coconut (Philippines)	\$490	-10	\$740	\$675	\$450
Coconut (Philippines)	\$240.5	-1.75	\$232	\$255.4	\$257.95
OTHER COMMODITIES					
Coconut Futures July	\$129.75	-35	\$144	\$2,308.5	\$1368.5
Coffee Futures July	\$208.5	—	\$257	\$208.5	—
Cocoa Indian	66.10c	+1.15	\$8.45	71.95c	65.85c
Cocoa Des. Coconut	\$1.175	+4	\$1.036	\$1.036	\$1.040
Des. Oil Jan	\$830.35	+2.75	\$825	\$835	\$831.5
Des. Oil Fut. May	\$820	-10	\$800	\$800	—
Latex 100% SWG Grade	\$12.5	—	\$12.5	\$12.5	—
Rubber tree	\$40.4	+15	\$60.90	\$270	\$60
Sisal No. 5L	\$129.5	—	75.15	\$129.5	\$95
Sisal No. 6L	\$103.97	-5	\$112.5	\$103.97	\$103.97
Tea (quality) kilo	\$50	—	\$20	\$50	\$50
(low mean) kilo	\$100	—	\$20	\$50	\$50
Wool 64s Super	\$435 kilo	-12	\$700 kilo	\$285 kilo	\$435 kilo

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BRITISH FUNDS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

Five to Fifteen Years

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

Over Fifteen Years

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

Index-Linked

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

INT. BANK AND O'SEAS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

CORPORATION LOANS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

LOANS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

AMERICANS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

AMERICANS - Cont.

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

CANADIANS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

BANKS, HP & LEASING

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

BEERS, WINES & SPIRITS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

AMERICANS - Cont.

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

LONDON SHARE SERVICE

BEERS, WINES - Cont.

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

BUILDING, TIMBER, ROADS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

DRAPERY & STORES - Cont.

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

ELECTRICALS

High	Low	Stock	Price	Yield	1st	2nd	3rd	4th	5th
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100	100	100

CHEMICALS, PLASTICS

High	Low	
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19

TIOPEPE
SPAIN'S SHERRY
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FINANCIAL TIMES

Saturday April 20 1985

On the other hand I'm very well understood by my temporary secretaries from...
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MAN IN THE NEWS

From easy chair to hot seat

BY PHILIP BASSETT

SUDDENLY, it has all gone wrong. Nine months after seeing his favoured son, Ron Todd, safely installed as general secretary of the Transport and General Workers Union, Mr Evans has found himself in a hot seat.

Instead, a nightmare: proven cases of corruption, mounting allegations of malpractice and intense pressure from Government, the media and Dr David Owen, the SDP leader, who is turning the issue into a personal crusade.

His passion is matched only by that of Mr Evans. In the months of his 35 years in the union, he has—has had to—become a man with a mission: clearing the union's good name. The union's opponents—including some other unions, previously bested by the TGWU and now with scores to settle—don't feel the union ever had one: they see it, gleefully, as a Herculean task of impossible proportions, Augean stable that cannot be cleansed.

Within the union, Mr Evans's preference for Mr Todd as his successor—matched during last year's election by similar feelings in both the TUC and in Whitehall—was well known. A returning officer he was plainly fair, though he now acknowledges that some in the union



Mr Moss Evans... nightmare

may have been "over-enthusiastic" in trying to get their candidate elected.

With 1.5m members, organised loosely into some 9,000 branches, spread across an unknown number of workplaces in just about every industry imaginable, Mr Evans accepts that it may well be impossible to hold a perfect ballot in the TGWU.

He has promised to investigate every complaint brought to his attention, and is doing so; regional officials testify to his diligence in seeking hard facts to check the allegations being made.

He admits personal frustration at not knowing of the charges in order to scrutinise them, and this has led him in part to accept the conspiracy theory of the allegations now firmly held in some parts of the union.

Mr Evans has spoken darkly of the SDP, of a Tory knight, aptly named "Lord" Mr Todd or, if nothing else, to discredit the union's voting practices as to diminish sharply its chances in the ballot now required by law of reinstating its political fund—and, therefore, Labour's single largest source of income.

Lifting the cloud the allegations has brought upon the union would be a crowning achievement to a period of office in which he has secured the union financially, and achieved through mergers what growth was possible in tight times. But there has also been criticism, particularly in comparison with his predecessor, Jack Jones: lack of authority, lack of charisma, lack of clout.

Truth there is in these charges, but not wholly so. They are at least as much a structural problem of the giant, sprawling TGWU as they are of Mr Evans, and a problem of timing: it is easier to have authority when Labour is in power, to have charisma when the unions are listened to, and to have clout when your membership is spiralling to 2m-plus.

Now two months off 60, Mr Evans's performance in the top job has been questioned despite his long, proven history in the union: the son of a miner and one of 13 children.

If questioned before, how much more now? "My personal standing is now at stake within the union," he says. "I would like to soldier on and clear my name to show that I did everything according to the book."

Lawson predicts lower U.S. rates

BY MAX WILKINSON AND STEWART FLEMING IN NEW YORK

U.S. INTEREST rates are set to come down further, Mr Nigel Lawson, the Chancellor, said yesterday. He was speaking at the end of a three-day series of meetings for the world's financial leaders in Washington.

Finance ministers and central bank governors, gathered for the policy-making committees of the International Monetary Fund and World Bank, have agreed that further cuts in interest rates will be an important key to preventing the world from moving into recession and to alleviating debtor nations' difficulties.

After his talks with U.S. and other financial leaders, Mr Lawson said there was a general feeling that it was desirable for the U.S. to lower its interest rates, and that there was no immediate danger of an upward trend. He added that much would depend on the ability of the U.S. to reduce its budget deficit and he issued a

politically-controversial plea for the U.S. to raise taxes.

"Really, what they need to do is to match the planned \$50bn (£39bn) of spending reductions with an increase in taxation."

The expectation of further falls in U.S. interest rates and sterling's firmness on foreign exchanges appear to have improved the outlook for UK interest rates, but the authorities remain cautious about short-term prospects for inflation and monetary growth.

Yesterday Mr Lawson would say only that he expected further falls in UK interest rates before the end of the year. According to the Chancellor, ministers have two anxieties about the prospects for lower interest rates. They fear both the possibility of a precipitate decline in the dollar, which might force the U.S. authorities to tighten monetary policy, and that the Federal deficit might also prolong high interest rates.

Mr Lawson described U.S. fiscal policy as, grievously mistaken. He had predicted it would "end in tears" and now the high deficits was creating great difficulties for the U.S. in its desire to cut interest rates.

The official communiqué of the IMF's interim committee yesterday echoed this concern in more subdued language, although it welcomed the U.S. Administration's current efforts to reduce the deficit.

More generally, the ministers endorsed the general policy among the leading powers of continuing with tight financial policies and reduced government borrowing. They also backed the IMF's general approach to debt problems on a case-by-case basis.

Ministers agreed that the IMF and the World Bank should continue in broadly their present roles and expressed the need for strengthening the IMF's authority.

The communiqué made an urgent call for moves to reverse recent trends towards protectionism. This, and proposals for a new round of talks in the General Agreement on Tariffs and Trade, is likely to become a major topic at the economic summit in Bonn next month.

The communiqué added: "It is equally important to seek greater exchange rate stability." In spite of recent evidence of slower growth of the U.S. economy, the main industrial powers of Europe and Japan have rejected any idea of concerted reflation of their economies to take up the slack. Mr Lawson said there were "no alarm bells ringing on the growth front."

There was no indication at all that the U.S. supported any move which would increase budget deficits in Europe, and there was certainly no case for fiscal reflation of this kind in the UK.

Ecuador rescheduling, Page 2

Employers shift ground in teachers' dispute

BY DAVID BRINDLE, LABOUR STAFF

THE EMPLOYERS yesterday shifted their ground in the teachers' pay dispute in England and Wales by offering to approach the Government jointly with the unions to seek extra money.

The Labour-controlled Association of Metropolitan Authorities (AMA) viewed the outcome of the employers' meeting as an important victory over the Conservative Association of County Councils, which had been maintaining a hard line.

As a result, attention will

focus on the Government's willingness to produce additional funds. Conservative Party officials in the shires and backbench Tory MPs are increasingly anxious about the impact of continuing school strikes on the county council elections on May 2.

The employers yesterday approved a statement drawn up by the AMA which called for fresh talks with the unions and for a joint approach to Government.

Previously the employers insisted that their 4 per cent

pay offer was final and that the only alternative was arbitration or talks on a revised teachers' contract. The unions said they wanted a no-strikes improved offer.

The employers' statement yesterday made no reference to arbitration or to conciliation. It accepted the unions' contention that the statutory Burnham pay negotiating committee was "the only arena" in which the present dispute could be resolved.

No reference was made to a revised contract in the statement, which asserted only that

there should be informal talks with the unions before a meeting of Burnham "in the near future" and that discussions should be held about the basis on which to approach Government.

Mr Fred Jarvis, leader of the teachers' side of Burnham, welcomed the employers' intention to call a meeting of the committee. He added that it was not clear whether an improved offer was proposed and so the unions would meet to discuss the initiative next Tuesday.

Britoil joins UK onshore search

BY DOMINIC LAWSON

BRITOL, BRITAIN'S biggest independent oil company, is to pay £27m for the UK assets of Hadson Petroleum International, the UK-quoted subsidiary of the U.S. oil company, Hadson Petroleum Corporation.

The deal gives Britoil its first involvement in UK onshore exploration. Hadson Petroleum International is known chiefly for its extensive acreage in Surrey, Sussex, Hampshire, Dorset, Somerset and Wiltshire. These cover stakes in the Humble Grove oilfield and the Horncastle and Herford oil reserves, all in Hampshire.

Mr Malcolm Ford, Britoil joint managing director, said yesterday the acquisition represented a significant extension of Britoil's domestic activities

which had hitherto been restricted to the UK Continental Shelf.

The Government is soon to launch the first UK onshore licensing round and the Hadson deal is intended clearly as a base for bids for more onshore acreage.

Mr Bob Speirs, Britoil finance director, said yesterday that Britoil had no firm plans for further corporate acquisitions of this type. But he added: "This company is always looking."

Mr Steve Houghton, chief operating officer of Hadson Petroleum Corporation, said yesterday that its UK company did not have sufficient cash resources to finance likely developments both in the UK and overseas. Hadson Petroleum Inter-

national would retain exploration interests in Spain, Korea and Indonesia.

Mr Houghton said Hadson Petroleum Corporation, which owns 76 per cent of Hadson Petroleum International, would be interested in buying out the minority following the Britoil deal.

HPI came to the stock market in 1982 at 80p per share but the issue flopped. Yesterday the shares closed at 56p, showing a 12p gain over the past two days.

The Stock Exchange has yet to authorise a formal announcement of the deal. This is expected on Monday, possibly accompanied by a suspension of the shares.

Britoil's share price fell 5p yesterday, closing at 210p.

Continued from Page 1

Booker

Mr Jonathan Taylor, who has masterminded Booker's defence since becoming managing director last year, said: "We were moderately confident that the bid would be rejected. I think Booker deserves its independence, and I am glad that our shareholders share that view."

Dee's first bid, which valued Booker at £236m, was referred to the Monopolies and Mergers Commission last June because a merger would have created by far the largest UK operator of wholesale cash-and-carry food depots.

As Booker's profits increased, Dee doubled the size of its supermarkets chain to more than 700 with the £180m acquisition of International Stores from BAT Industries.

After the Monopolies Commission had ruled in January that a merger with Booker would not be against the public interest, Dee made a new bid at the last moment, as allowed by takeover rules.

Dee disclosed that it had sold a quarter of its holding in Booker and gave warning that it might sell more shares if the price rose to "unrealistic" levels. The move had the effect of setting a ceiling on Booker's share price, but also restricted Dee's own freedom to act because it meant that the bidder was barred from increasing its offer.

The outcome was a victory for S. G. Warburg, the merchant bank which advised Booker, against rival Morgan Grenfell, which acted for Dee.

NatWest

Continued from Page 1

mand and bring sterling M3, the broad money supply measure, to within its target range.

Figures showing a steep rise in inflation to 6.1 per cent in March also underlined the need for caution.

The general expectation in the City, however, is that, if

the dollar continues to decline, there may be scope for a further small reduction in base rates over coming weeks.

On the foreign exchange markets yesterday sterling showed little reaction to the cut as the dollar stabilised after its recent heavy losses.

The sterling index, which

measures the pound's value against a basket of currencies, fell 0.1 point to 79.5. However against the dollar the pound gained 0.25 cents on Thursday's London close to close at \$1.2940. In New York on Thursday night it had closed at \$1.301.

The base rate cut brought further small gains in the gilt-edged market, prompting the Bank of England to announce the issue of £650m of existing stocks to be offered for sale from Monday.

Heseltine picks BAe sales chief to head arms exports

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE HEAD of Britain's Defence Sales Organisation, which is worth of arms exports a year, is to be Mr Colin Chandler, at present marketing director of the aircraft division of British Aerospace.

Mr Chandler's appointment was announced yesterday by Mr Michael Heseltine, the Defence Secretary. It follows the controversial decision to make Mr Peter Levene, formerly head of United Scientific Holdings, the Ministry's Chief of Defence Procurement.

Mr Levene's appointment last month, at a salary of £95,000 and for a term of five years, aroused protests at Westminster and Whitehall, partly because it contravened the Government's own regulations for secondment of outsiders to the civil service.

Yesterday the Defence Ministry pointed out that Mr Chandler's appointment had been approved by the Civil Service Commission. In the Levene case the Government failed to abide by its own Order in Council of 1982, which insists that any secondments from outside the Civil Service must have the full certification of the commission. Mr Chandler has been given that, the ministry said.

Mr Chandler will continue to receive his BAe salary with the Government paying the company £47,000 a year to cover salary, pension and insurance costs.

The office of head of defence sales has been held by an industrialist since its creation in 1966, which was not the case

where the Chief of Defence Procurement was concerned. Mr Chandler will take over, probably in June, from Sir James Blyth, who was seconded from Lucas Industries in 1981. Sir James succeeded Sir Ronald Ellis, of Leyland.

Mr Chandler's appointment comes at a time when Britain's arms exports are running £600m below the government's expectations of £2.6bn for 1984-85.

Hopes of the first sales of the new Tornado aircraft to Saudi Arabia are fading fast. Instead, Riyadh seems likely to buy Mirage 2000 aircraft from France.

Outside the North Atlantic Treaty Organisation, Britain's major customers are in the Middle East and South-east Asia. Since the Falklands conflict, sales have fallen in Latin America. Industrialists and official salesmen blame Britain's credit policies which are less generous than those of other suppliers.

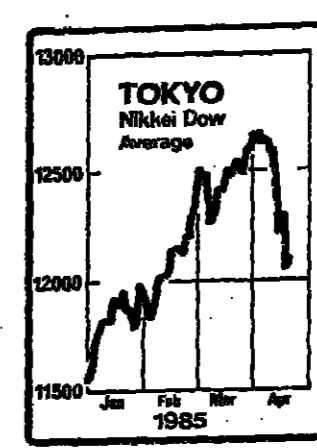
Mr Chandler, 45, is the first head of Defence Sales from British Aerospace, thought to be the largest single arms exporting company in Britain. His career started with de Havilland in 1958.

Before his present job, he was managing director of the Kingston/Brough division of the BAe aircraft group and presided over the largest-ever British defence deal with the U.S.—the joint manufacture of about 400 Harrier jets with McDonnell Douglas and sales of 300 Hawk trainers for the U.S. Navy.

THE LEX COLUMN

The pound in your profit

Index fell 12.7 to 978.8



fore—or at least of keeping the old guard safely out of sight.

Tokyo market

The Tokyo market has had a bumpy week. On Tuesday the Nikkei-Dow average reached its highest point since the slide resumed on Thursday. It is possible, but only just, to explain this month's four per cent fall in equity values in terms of changes in the fundamental outlook. The weaker dollar, coupled with fears of protectionism, has forced some downward revision of 1985-86 profit forecasts, while the failure of consumer spending to keep pace with the rise in disposable income is causing some concern in a country which is pursuing a remarkably accommodative monetary policy.

None of this, however, has much influenced foreign investors who by all accounts have been maintaining their positions in the Japanese market. The selling pressure has emanated from domestic institutions and has been particularly marked in stocks which have enjoyed a speculative following. The pharmaceuticals sector has been buoyed up by talk of wonder new products—Factor X and the New Dream Cell—are recent favourites—to leave many of the smaller companies on preposterous ratings. A fall in earnings during each of the last four years, stands on a multiple of 27.5 times even after a halving of its share price. As James Capel points out in a study of the sector, if a small drug company like Green Cross attempts the same market value as Beecham, it may be time to sell.

Base rates

Base rates may have to be forced up in unanticipated haste, but to please the authorities their progress downwards must be controlled to the point of stalling. This is partly a result of the safety to be found in small numbers—if domestic interest rates fall fast enough to make sterling the currency of choice, foreign exchange speculators are selling, nobody would sell from cheaper money. But now the gradual approach must also look right from the point of view of funding; a Government with lots of stock to sell always prefers to do it on a rising gilt-edged market; and the teasing prospect of a little more to come off money rates is bound to be prolonged for as long as possible.

Bid defences

Booker McConnell's escape from the clutches of Dee Corporation extends a remarkable run of successful defences by incumbent management. In a year of heavy bid activity, no large company has so far succumbed to an offer without the



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